

LATE NEWS

Reagan Vetoes

Clean Water Bill

WASHINGTON (UPI) — President Ronald Reagan, acting Thursday before a midnight deadline, vetoed legislation that would have provided \$18 billion to reduce pollution of U.S. waterways.

Both the House of Representatives and Senate voted overwhelmingly in favor of the bill, which would have extended terms of the Clean Water Act through 1994 by providing money for local sewage treatment and other anti-pollution projects. Mr. Reagan was expected to veto the bill because he felt its cost "far exceeds acceptable levels of increased budgetary commitments."

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Elections Cloud 1988 Outlook

Trade Curbs Feared From New Congress

By Peter T. Kilborn  
New York Times Service

WASHINGTON — Democratic victories in Tuesday's elections assure that Congress will try to enact a major new trade law restricting imports of foreign goods, according to leading members of both parties.

But they added Wednesday that they doubted the legislation would be as harsh as the onetime of the campaign implied.

It appeared that President Ronald Reagan, who just barely blocked Congress's attempts to enact trade restrictions this year, would try to work with the legislature next year to produce a trade law. As a result, prospects for battles with the White House over the same issue seemed less probable.

"This administration is not about to embrace a protectionist policy," said Clayton K. Yentzer, the U.S. special trade representative. "At the same time, we recognize there will be additional numbers of Congress who will have legislation in this area and we'll have to attempt to reach a reasonable accommodation with them."

Mr. Yentzer also disclosed in an interview that the administration had formed a group to study ways to sharpen American competitiveness as a way to spur exports.

Such industries as textiles, steel, automobiles, shoes and agriculture have been lobbying strongly for laws to protect themselves and their workers from the tide of foreign competition that has added to the nation's trade deficit. Those industries now stand a better chance of winning some protection, lawmakers said.

Interest groups that have been seeking protectionist laws said the election of a mandate to enact them. "Yesterday, the American people sent the Reagan administration a mandate to enact them," said John N. Gregg, chairman of a textile interest group, the Fiber, Fabric and Apparel Coalition for Trade. "The Americans were rejecting the administration's international trade policy, a policy that has failed to stop the flood of unfair imports."

Representative Jim Wright, Democrat of Texas and the House majority leader, said that "trade is absolutely at the top of the agenda."

Mr. Wright, a candidate to succeed

Results Signal An Open Race For President

By David S. Broder  
Washington Post Service

WASHINGTON — American voters have sent the Democratic and Republican parties a message that they are ready for sweeping change as Ronald Reagan's presidency approaches its end, according to officials of both parties.

Prospective 1988 candidates and their advisers say the results of Tuesday's midterm election were a signal that the struggle to succeed Mr. Reagan will take place in the most open, uncertain and competitive political environment any of them have ever faced.

That assessment reflected the shock and surprise most politicians expressed after voters stripped Republicans of eight seats and control of the Senate, while ousting Democrats from eight governorships and ending their domination of state government.

The overall results suggested that no part of the country is off-limits to either party.

The impact of the top-to-top electoral shifts was registered by the two men who managed the major parties' last presidential campaigns.

"What we've learned," said Edward J. Rollins, who ran Mr. Reagan's 1984 drive, "is that we have a two-party system as closely balanced as any time in recent history, and whoever puts up the best candidate and effort and message can win."

Robert G. Becket, Democratic manager of Walter F. Mondale's campaign, said he agreed that "tucker-tomping and tough two-party competition are embedded everywhere, including now the South." He added, "There's nothing we can't go after, and almost nothing they can't take from us."

Other key figures in the political community also predicted:

■ A period of intense partisanship, as the Reagan White House grinds for battle with a Congress now completely under control of the Democrats, and those Democrats seek ways to exploit the national level issue of the economic, environmental, budget and defense issues they used effectively in their states and districts on Tuesday.

■ A long and uncertain struggle for the presidential nominations in



President Ronald Reagan, addressing the White House staff on Wednesday, pledged to continue to push his program despite the Democratic Party's control of the Senate. Page 3.

MORE ELECTION NEWS

■ For some Senate Democrats, the race for the presidential nomination began Tuesday. Page 3.

■ For the Democratic victors in the new Congress, power will also bring its share of risks. Page 3.

■ American minorities scored gains all over the electoral map in Tuesday's elections. Page 6.

■ William Safire and Anthony Lewis have different views of the election. Opinion, Page 4.

Release of 3 U.S. Captives Reportedly Followed Military Shipments to Iran

By Walter Pincus  
Washington Post Service

WASHINGTON — The release of three Americans as well as the return of the last 14 months followed a series of shipments of military cargo to Iran after secret discussions between White House envoys and representatives of the Tehran regime, informed sources said.

The freeing Sunday of David F. Jacobson, as well as the releases of the Reverend Lawrence M. Jenco in July and the Reverend Benjamin Weir in September 1985 — came about after talks with Iranian representatives were conducted by Robert C. McFarlane, President Ronald Reagan's former national security adviser, and others, including Lieutenant Colonel

Oliver North, a member of the National Security Council staff.

Colonel North also has been cited in the past as a White House link to groups providing aid to rebels fighting the Sandinista government in Nicaragua.

Details of the talks emerged Wednesday following disclosures by Iranian officials on Monday that Mr. McFarlane went to Tehran in September as a secret U.S. envoy to discuss the hostages. Other U.S. sources familiar with the mission said Mr. McFarlane had urged Iran to halt its support of terrorism and work toward an end to the Iran-Iraq war.

[Mr. Reagan said Thursday that reports that the United States and Iran had reached a secret deal on freeing American hostages had no foundation and were endangering

efforts to win their release. Reuters reported from Washington.

[Asked if Washington had made a deal with Tehran, Mr. Reagan said: "May I suggest and say to you all of your job is to get the deal, the speculation, the commenting on a story that came out of the Middle East and that is, has no foundation, all of that is making it more difficult to get the other hostages out."]

U.S. intelligence sources said Mr. McFarlane had been conducting talks with Iranians and their intermediaries for more than a year in Europe and Tehran.

Sources said the discussions included an Iranian need for defensive military equipment, along with long-term financial stability that

See IRAN, Page 2

Shultz, Shevardnadze Report Arms Stalemate

By David B. Oresman  
and Gary Lee  
Washington Post Service

VIENNA — Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze of the Soviet Union ended two days of talks Thursday with both sides saying that they had made no progress on arms control.

Their meeting followed talks last month between President Ronald Reagan and Mikhail Gorbachev in Reykjavik, Iceland, where proposals were made for sharp reductions in nuclear weapons.

"The U.S. position is coming here to confirm and build on the results of Reykjavik," Mr. Shultz said at a news conference after five hours of talks over two days. "I can't say the meetings have moved arms control matters along in any significant way and I regret this."

Mr. Shevardnadze, at a separate

news conference, charged that the United States had tried to "best complete retreat from the high ground reached in Iceland." He said it had only put forth "a mixed bag of old-moulded views and proposals," that included concessions that the Soviet Union had made at Reykjavik.

The Soviet minister said the discussions had "left us with a bitter taste," but he reaffirmed Soviet interest in a continuing dialogue with the United States.

Mr. Shultz said he thought "patience" was needed. "The rhythm and pace of this negotiation cannot be forced by either side," he said. "We'll hang in it."

Mr. Shultz said the subject of holding a U.S.-Soviet summit meeting in the United States, which Mr. Gorbachev had agreed to during his first meeting with Mr. Reagan in Geneva last November.

See ARMS, Page 6

See PROTECT, Page 19

De Benedetti Buys Part of YSL House

By Axel Krause  
International Herald Tribune

PARIS — In an unusual transaction, Mario De Benedetti, chairman of Olivetti SpA of Italy, said Thursday that his family holds a 25 percent shareholding in Yves Saint Laurent SpA, the French fashion house.

Sources close to both groups also confirmed a report that they were planning an even larger move — to jointly take control of the company. The move would give Yves Saint Laurent, the U.S. producer of pharmaceuticals, health-care products and cosmetics.

Charles de la Ritz, which markets Yves Saint Laurent perfume in the United States, is being sought by a number of companies.

A bid for Ritz could be worth about \$600 million, sources close to the companies said.

Because of the De Benedetti stake in Saint Laurent, which the companies said would be worth about \$25 million (France's 1987 GDP was 25 million francs), the move would be a leveraged buyout, a company is bought with borrowed money, with future earnings of the acquired company as collateral.

See YVES, Page 19

Asia Aid Requests Catch Tokyo Off Guard

By Charles D. Sherman  
New York Times Service

TOKYO — The arrival of Southeast Asian leaders here in recent weeks has taken on the appearance of a procession.

President Corason C. Aquino of the Philippines, who is to begin a four-day state visit Monday, followed by the Thai foreign minister, and the prime ministers of Singapore and Malaysia in talks with Japanese officials.

Western diplomats call the succession of visits over the past six weeks "a rare event."

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Ramos Orders Military To Quash Any Plotting

By Seth Mydans  
New York Times Service

MANILA — The Philippines armed forces chief of staff warned Thursday that a possible plot by disgruntled military officers to overthrow the government could be averted by a period of vigorous action by the military.

General Ramos's warning came at a moment when President Corason C. Aquino has been consolidating his support in various sectors in response to a challenge from Defense Minister Juan Ponce Enrile.

Mr. Enrile has fallen relatively silent after a period of vigorous agitation against the government and its policies. But rumors have resurfaced about possible military action by the colonels who surround him.

In a statement issued by his office, General Fidel V. Ramos "warned any military adventures against embarking on such a rash course of action because it could be bloody and destabilizing."

General Ramos's warning came at a moment when President Corason C. Aquino has been consolidating his support in various sectors in response to a challenge from Defense Minister Juan Ponce Enrile.

Mr. Enrile has fallen relatively silent after a period of vigorous agitation against the government and its policies. But rumors have resurfaced about possible military action by the colonels who surround him.

With his warning Thursday, General Ramos, who is seen as a pivotal force behind the president and defense minister, appeared to be placing himself firmly on the side of Mrs. Aquino.

In recent days, both the United States and the powerful Roman

Catholic Church have spoken out in support of the president.

Attempts by Mr. Enrile to enlist support of a coup-fir.

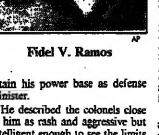
In another development, a small bomb exploded Thursday night at a suburban Manila movie theater, slightly wounding at least seven persons. It was the sixth explosion or firing of shots in the city in recent weeks.

A city official who was attending the show said a small device was thrown from the seventh row toward the screen and that the wounded had received shrapnel wounds in the legs.

No arrests were immediately reported. The previous incidents have been blamed on people seeking to destabilize the government.

A highly placed Defense Ministry source said Thursday that the president and defense minister, appeared to be placing himself firmly on the side of Mrs. Aquino.

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Fidel V. Ramos

He described the colonels close to him as rash and aggressive but intelligent enough to see the limits on their own options for aggressive action.

In his statement, General Ramos referred to a report Wednesday in the newspaper Business Day describing plans for a "moral operation" that would "take over the government, eliminate its inept and self-serving leadership and establish a new government."

Newspaper sources said the report was prepared to follow through on.

See RAMOS, Page 6

Pretoria Says 2 Nations Planned Coup in Malawi

By William Claiborne  
Washington Post Service

JOHANNESBURG — The South African foreign minister said Thursday night that documents found in the wreckage of the aircraft that killed President Samora Machel of Mozambique included evidence of a plot by Mozambique and Zimbabwe to overthrow the government of Malawi.

Foreign Minister P. W. Botha said he had sent official messages of protest to the governments of Mozambique and Zimbabwe demanding to know if they still supported a plan to overthrow the government of Malawi, the only black African country to maintain diplomatic ties with South Africa.

Mozambique and Zimbabwe have accused Malawi repeatedly of harboring rights rebels of the Mozambique National Resistance movement, known as Renamo, which is trying to overthrow the Marxist government of Mozambique. The rebels are supported by South Africa.

In a hastily called press conference, Mr. Botha responded to a report in the Washington Times that that report quoted South African sources in Europe as saying that three days before he died in the plane crash, Mr. Machel met in Maputo with Zimbabwe's defense minister, Ernest Kgundure, and his army commander, General Rex Nkomo, and discussed a strategy for overthrowing the government of Malawi.

The Washington Times said that minutes of the meeting recovered at the crash site inside South Africa's border disclosed a plan for isolating Malawi by blowing up bridges linking Malawi with Tanzania, and recruiting Mozambique in Malawi for subversive activities.

Mr. Botha said Thursday night that South Africa had "fully informed" President Hastings Kamuzu Banda of the Maputo meeting, which was said to have been held on Oct. 16 in the Mozambique capital.

Mr. Botha declined to say what Mr. Banda's reaction had been, or whether South Africa would assist the Malawi regime if the plot were carried out.

When asked why there had been a delay of nearly three weeks in releasing the document, Mr. Botha



Hastings Kamuzu Banda

ON PAGE 2

■ A defense lawyer has requested that 22 black South African political leaders on trial for treason be freed.

■ A white member of the African National Congress was imprisoned for 25 years on treason and arson charges.

■ Oliver Tambo, the ANC leader, said Moscow has pledged continued aid to his South African guerrilla group.

■ The minutes had been brought to his attention only on Tuesday, and that there had been difficulty in piecing together material recovered from the wreckage and translating the document from Portuguese to English.

Asked about lively allegations that the document was forged and part of a disinformation campaign, Mr. Botha replied, "There is not the slightest question of the authenticity of this document."

He held up what he said was the original, a handwritten, 11-page sheet and stated as if it had been soaked in water. Handwritten notes in Portuguese were attached to the typewritten minutes.

"We do not possess this stationery," Mr. Botha said. "We do not

See MALAWI, Page 2

## Judgment Near in Pretoria Treason Trial

By Allister Sparks  
*Washington Post Service*

DELMAS, South Africa — For more than a year, Simon Vilakazi and 21 other black South African political leaders have been driven daily from Modderburg Prison in the countryside east of Johannesburg to a small courtroom in this court-belt town 20 miles away.

The charges they face in a trial that began Jan. 20 are serious: high treason, terrorism, subversion and five charges of murder. All carry the death sentence.

But last week, Mr. Vilakazi heard his lawyer point out to the judge that none of the hundreds of prosecution witnesses, who have delivered nearly 8,000 pages of testimony, had referred to him. Nor does a single document of the 15,000 the state has submitted mention him.

The only evidence tendered to support the charges against Mr. Vilakazi were two invitations to sit

at meetings that were found in his room, said his lawyer, Arthur Chaskalson. There was no proof that he had attended the meetings. Mr. Vilakazi's case was the most extreme, but the evidence against the others was hardly more substantial. Mr. Chaskalson argued, he asked that all the accused be freed at the close of prosecution arguments, because the case was so flimsy it did not require answering.

If the request succeeds, South Africa's most controversial political trial in years will come to an abrupt end and the 22 defendants, who include some of the country's best-known black political leaders, will go free.

If it fails, the defense lawyers say, the case could last another year, during which the defendants might continue to be held without trial in Modderburg.

In that event, they will have been imprisoned, and rendered politically inactive, for three years before

judgment is given. They were detained for a year before the trial began.

The trial follows a similar one that collapsed after months in the Natal provincial capital of the town of Durban in December.

That trial led to accusations in South African political and legal circles that the government was using the case as an extension of its detention system.

Critics assert that the state brings complex but poorly based charges against political opponents in order to keep them in long trials that keep them out of action.

Almost the entire leadership of the United Democratic Front, the main multiracial organization in the country fighting apartheid, has been immobilized by the two trials for most of the period of the summer and fall of 1984.

Thirty-eight leaders were arrested soon after the trouble began, including five who sought refuge in the British Consulate for several months in 1984. Sixteen were tried in the Pietermaritzburg trial. The remaining 22, including Popo Molefe, the Front's general secretary, and Patrick Lekhotla, the press secretary, were charged separately in Delmas.

The state issued special certificates prohibiting the accused from the supply of weapons, as much as other things, said Oliver Tambo, president of the African National Congress.

Mr. Tambo said his meeting with the Soviet leader, Mikhail S. Gorbachev, had demonstrated Moscow's "great sympathy and readiness to help as much as this country can help." He would not quantify Soviet military support.

Mr. Tambo also said Thursday that there were strong prospects that the group would "open" a mission in Moscow, although its diplomatic status is not yet clear.

## ANC Leader Cites Soviet Aid



Oliver Tambo

*Washington Post Service*

MOSCOW — The leader of the main black guerrilla group in South Africa said Thursday that the Soviet Union had pledged continued military assistance to the anti-apartheid struggle.

"Material assistance includes the supply of weapons, as much as other things," said Oliver Tambo, president of the African National Congress.

Mr. Tambo said his meeting with the Soviet leader, Mikhail S. Gorbachev, had demonstrated Moscow's "great sympathy and readiness to help as much as this country can help." He would not quantify Soviet military support.

Mr. Tambo also said Thursday that there were strong prospects that the group would "open" a mission in Moscow, although its diplomatic status is not yet clear.

## Hopes for Soviet Pullout From Afghanistan Appear to Fade

By Steven R. Weisman  
*New York Times Service*

PESHAWAR, Pakistan — Pakistani and U.S. officials were voicing some optimism earlier this year about the possibility of a negotiated settlement to end the war in Afghanistan and bring a withdrawal of more than 100,000 Soviet troops.

The depopulation of much of the countryside made it more difficult for the guerrillas, or mujahideen, to obtain shelter, food and intelligence on Soviet troop movements from villagers. As a result, guerrilla leaders were forced to shift tactics, sometimes heading the appeals of

talks failed to achieve significant progress.

Many analysts say that the main reason for the failure of the talks was to address a central issue: the composition of the government after all outsiders end their support for the combatants.

The assumption widely held in Pakistan is that the rebels will never lay down their arms unless the Communists give up their control of Kabul.

The sense of hopelessness in the negotiations arises from the feeling that Russia is not ready to negotiate any significant changes in the composition of the government in Kabul. Nor does Moscow seem troubled by the cost of the war — keeping a foreign regime on its borders seems of vital importance to the Kremlin.

Lately, in fact, Afghan watchers in Pakistan and in Islamabad have been fascinated by the troubles the black Communist party in trying to win political acceptability in Afghanistan.

Major General Najibullah, who replaced Babrak Karmal as the Afghan leader in May, said recently that he would welcome a new government of political leaders now stationed outside the country. His comment was read in Pakistan as an appeal to guerrilla supporters to defect.

General Najibullah also has accelerated Kabul's promises to protect the sensitivities of Moslems in Afghanistan and to establish a community council to give villages a voice.

But few Afghans in Pakistan see any evidence that General Najibullah's tactics will work politically. Indeed the Afghan government seems more divided than ever.

There have always been two factions within the Communist Party in Afghanistan: now there seem to be three because of rivalry between General Najibullah and Mr. Karmal.

But the guerrillas remain plagued with problems. The seven major

groups have failed to coordinate their military strategies and they continue to engage in fierce battles among themselves.

■ **Afghans Seethe at UN**

Afghan diplomats twice assaulted a group of anti-government rebels at the United Nations on Thursday in an effort to block a new conference. The Associated Press reported, quoting a Pakistani diplomat accompanying the rebels.

The incident came a day after the General Assembly adopted, 122-0, a resolution calling for immediate withdrawal of Soviet troops from Afghanistan.

Mansoor Sahai, press attaché of the Pakistani mission, said three members of the Afghan mission attacked two visiting rebels as they stepped off an escalator. The visitors retreated to the fourth floor but when they came back down they were again attacked. Security guards separated the combatants.

Washington (AP) — Space agency officials have announced a management overhaul program that shifts authority from Houston to Washington and puts at the helm one of the top officials involved in the decision to launch the shuttle Challenger on Jan. 28. The crash, which killed the seven astronauts on board.

The changes at the National Aeronautics and Space Administration, announced Wednesday, are designed to clarify lines of authority and improve communications, strengthen Washington's leadership of the program and make better use of space centers. Richard H. Truly, associate NASA administrator for space flight, said at NASA headquarters.

The most controversial aspect of the change is the appointment of Arnold Aldrich to head the shuttle program at NASA's headquarters. Mr. Aldrich, 57, is a former NASA administrator who has been Mr. Truly's last year. Mr. Aldrich became manager of the shuttle program at Johnson Space Center in Houston. He has worked in NASA's national space program since 1969 and is the highest-ranking official involved in the decision to launch Challenger who remains in a position of authority with the space agency.

## U.S. to Seek International Curbs to Protect Ozone

By Philip Shabecoff  
*New York Times Service*

WASHINGTON — A draft assessment by the Environmental Protection Agency projects that the United States could have 40 million cases of skin cancer and 800,000 cancer deaths in the next 88 years because of depletion of atmospheric ozone. This would be more than double these two rates today.

The State Department, meanwhile, told U.S. embassies Tuesday that the Reagan administration would propose a "near-term freeze" on manufactured chemicals that deplete the ozone. The proposal is to be put forward in Geneva next month when the industrialized nations meet to seek an agreement on control of such chemicals.

For the longer term, the United States will ask for all or most emis-

sions of these gases to be gradually eliminated, according to environmental and industry representatives who were told about the State Department message on Tuesday.

The environmental agency's prediction on cancer is now under review by an independent panel of scientists. It presumes a continuation of the current growth in use of chlorofluorocarbons, manufac-

tured gases that break down ozone in the upper atmosphere.

Ozone acts as a shield, keeping much of the ultraviolet radiation from the sun from reaching the Earth.

Although ozone depletion is a global problem, no attempt was made by the agency to estimate the cancer risks worldwide.

The agency's cancer predictions are sharply higher than those from

such private groups as the Environmental Defense Fund, which recently estimated that ozone depletion would cause 1.4 million skin cancers in the next 40 years.

The agency's estimates that increasing ultraviolet radiation on the Earth would lead to a growing number of skin cancers, the immune system and eye diseases, loss of crops and forest products and a depletion of aquatic resources.

Officials of the agency cautioned that since the risk assessment was still under review by the agency's scientific advisory board, it was subject to revision. They also said that all estimates of skin cancer cases and deaths were subject to wide margins of error.

But agency officials said that if the results were supported after review, it would mean that controls would have to be quickly placed on the production of chlorofluorocarbons. The compounds are used in refrigerators and foams and, outside the United States, in aerosols. They are banned from most aerosols in the United States now.

The projection of 40 million skin cancer cases, of which 800,000 would lead to death, was described as neither a best case nor a worst case picture. Using as a base a substantially slower growth in the use of the chlorofluorocarbons, the agency found that the projected risks would be lowered by 50 percent. With faster growth in their use, cancer risks would increase fourfold, the agency said.

The call for a worldwide freeze and eventual elimination of the use of substances that damage the ozone layer represents a shift in the administration, which has been saying further study is needed. It is reported to be the first recommendation by Lee M. Thomas, administrator of the Environmental Protection Agency, and supported by the State Department and the National Oceanic and Atmospheric Administration.

Environmentalists have urged the end of use of chlorofluorocarbons over 5 to 10 years.

## MALAWI: Coup Plot Alleged

(Continued from Page 1)

kind documents this way. The style and language is there. It doesn't matter who alleges the document is false.

Mr. Botha said it was not clear from the documents who constituted the full Mozambican delegation, but he said that Prime Minister Mario Machungu was present. He also mentioned the Malawian border, mentioning Manungu, Zimbabwe's minister for state security, also was present, he said.

The "imminent" implementation of the plan, according to Mr. Botha, involved the meeting of the delegation in Malawi, bordering, including Soviet and Cuban advisers.

Mr. Botha called the plans outlined in the minutes "diabolical and dangerous."

Shortly after the plane crash, Mozambican survivors said in Maputo that South African security forces combed the wreckage looking for documents while the evacuation of the survivors was delayed.

## Walker, U.S. Spy, Gets Life in Prison

BALTIMORE (AP) — John A. Walker Jr. was sentenced Thursday to life in prison for espionage after a jury found that he had sold secrets to the Soviet Union for 11 years.

His son was sentenced to 25 years under a plea bargain, in return for John Walker's guilty plea, that prosecutors respected despite lingering questions about the case.

Judge Alexander Harvey 24 of the U.S. district court said he would recommend that Mr. Walker, 49, and his son, Michael, 24, serve their terms without the chance of parole. "In my opinion," the judge told the Walkers, "your espionage activities have caused a tremendous harm to the security of this nation."

## For the Record

The Justice Department's criminal division is studying whether a special prosecutor should be appointed to investigate L. Lyn Noddy, a former political aide to President Ronald Reagan who allegedly lobbied the White House on behalf of a defense contract after leaving the Reagan administration.

President Ronald Reagan signed a law on Thursday overruling U.S. immigration laws. The new law imposes fines on employers who hire illegally hired immigrants but grants amnesty to millions of aliens who came to the United States before Jan. 1, 1982. (Reuters)

A U.S. official, Chester A. Crocker, arrived in Seoul for a one-day visit Thursday, 24 hours after offering U.S. mediation in the civil war that is ripping the south. Mr. Crocker is assistant secretary of state for African affairs. (UPI)

## U.S. Alarmed by Lead Levels in Tap Water

By Michael Weisskopf  
*Washington Post Service*

WASHINGTON — Nearly one of every five Americans served by public water systems consumes levels of lead in drinking water higher than those the U.S. government considers safe, the Environmental Protection Agency has reported.

The agency said Wednesday that it was considering rules to reduce by more than half the amount of lead allowed as safe.

The excess lead found in the drinking water of 38 million people nationwide accounts for slightly lower intelligence among 145,000 children every year, according to a draft copy of a new report by the agency.

It also accounts for 118,400 cases of hypertension, 75 strokes and 570 heart attacks among middle-aged white males, and higher risk of pregnancy complications among 62,000 women of child-bearing age, according to the agency's analysis.

The rules are now under consideration by the agency on the basis of requirements of the Safe Drinking Water Act. They have not yet been formally proposed.

The EPA, which said the health of millions of Americans was at risk, expects to make the proposals next year, officials said.

The officials said would become final in 1988, the amount of lead permissible in water flowing in taps in

homes would be reduced to 20 parts per million from the current standard of 50 parts per million.

According to the report Wednesday, the lower lead levels would mean not saving to the country of \$800 million a year in health and remedial education costs and half in the cost of repairing pipes, water testers, meters and other equipment corroded by water containing lead.

The primary source of lead in drinking water is the plumbing system of most American homes. Acidic, soft water dissolves lead in the solder connecting copper water pipes, resulting in contamination of tap water.

Lead, a potentially lethal poison, long has been known as the cause of serious health problems including growth and mental retardation, strokes, anemia, asthma, premature births, hypertension and heart disease.

## Pope Will Visit 8 Cities in U.S. Next September

*The Associated Press*

WASHINGTON — Pope John Paul II will visit eight U.S. cities next year and celebrate a series of outdoor Masses such as the one that drew millions of Americans during his 1979 trip. It was announced Wednesday.

The cities he will visit from Sept. 10 to Sept. 18 are Miami; Columbia, South Carolina; New Orleans; San Antonio, Texas; Phoenix, Arizona; Los Angeles; San Francisco; and Monterey, California.

In addition to the meetings with Catholic groups, John Paul also is to meet with Jewish leaders and take part in a prayer service with delegates of various faiths in South Carolina, according to the National Conference of Catholic Bishops.

## Iran: Exchange of Hostages for Weapons Is Reported

(Continued from Page 1)

would occur with a rise in world oil prices.

On Sept. 14, 1985, according to news service reports, Turkish sources said that a DC-8 cargo plane flying from Tehran, Iran, to Spain had landed at a Tel Aviv airport after developing communication problems.

Sources said on Wednesday that the plane, which the Turks thought was American-owned, had carried a shipment of military equipment that had originated in Israel and had been arranged after talks between the American officials and Iranian.

Also on Sept. 14, 1985, Mr. Weir was released in Lebanon after 16 months in captivity by the pro-Israeli Lebanese Front group. He had been holding him and demand-

## Iran: Exchange of Hostages for Weapons Is Reported

ing the release of 17 terrorists in Kuwait prisons to discuss the terms of the release.

A similar shipment took place in July, another source said, according to the time that Father Jerico was released. It is not clear which kind of military weapons were contained in the shipments, which sources said were purchased on the private arms market and eventually paid for by the Iranian government. The United States, sources said, had agreed not to interfere with such purchases.

Senior U.S. officials, including the president, have frequently said that U.S. policy prohibits trading with terrorists or nations that support terrorism to obtain the freedom of American hostages.

Some State Department officials Wednesday expressed anger and resentment at what they asserted could be a reversal of that policy.

The idea of opening a channel for U.S. officials to discuss the hostages with the Iranians came last year in a report Wednesday over Radio by its Washington correspondent, Shimon Shiffer.

U.S. officials had said that a report of the June 1985 hijacking of the Iran Air flight that is transporting U.S. airline jets as it is

## Iran: Exchange of Hostages for Weapons Is Reported

Iranian Jihad would not respond to Syria demands to free the hostages, according to Iranian U.S. sources. It was only after a top Iranian official intervened that the Iranian government agreed to release the hostages from the airplane wreckage.

During the Israeli suggestion of a channel to the Iranians, Mr. McFarlane met in London with David Kimche, who at the time was the Israeli general of the Israeli Foreign Ministry, to discuss how to open the channel, Mr. Shiffer reported.

A secret supply of military equipment to the Iranians by the Israelis in 1981-82 has been publicly acknowledged by Ariel Sharon, Israel's prime minister, who was then Israel's defense minister. His allegation that U.S. officials had been aware of details of the shipment was denied at the time by State Department spokesmen.

Since then, Reagan administration has publicly declared a policy of "not trading" with terrorists or nations that support terrorism to obtain the freedom of American hostages.

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## WORLD BRIEFS

### Abu Nidal Linked to Turkish Attack

ANKARA (AP) — A prosecutor's report released Thursday said that the attack on an Istanbul synagogue in September was among a series of terrorist acts carried out in Turkey by the group led by Abu Nidal. The report was an official statement linking Abu Nidal with the Sept. 6 attack in which 12 Jewish worshippers were killed. The two men who staged the attack were killed when hand grenades they were carrying exploded.

The mention of Abu Nidal in connection with the synagogue attack was contained in an indictment of five Palestinians for the murder of a Jordanian diplomat in 1983. No elaboration was given, with the indictment merely listing "Abu Nidal actions in Turkey."

### Turks Accused of Firing on Refugees

ATHENS (Reuters) — Greece accused Turkish troops of firing on Iranian refugees at a border crossing point to force them into Greek territory.

A government spokesman said Wednesday that the Turkish authorities were forcing refugees who had traveled across Turkey from Iran to enter Greece at the Evros River between the two countries. "When the Greek authorities try to obstruct the Iranians from coming into the country," he said, "the Turks then shoot at them. That is a very serious matter. They are being fired on from the Turkish side."

In Ankara, Turkey denied the charge and accused Athens of turning back asylum-seekers in breach of the Geneva Convention on the status of refugees. A Turkish Foreign Ministry spokesman said "deceiving and distorted" a report by the Athens News Agency that the Turkish authorities were gathering thousands of Iranian refugees in Istanbul and paying them to cross into Greece.

### Chissano Sworn In to Succeed Machel

MAPUTO, Mozambique (AP) — Joaquim Chissano was sworn in Thursday as the second president of Mozambique and declared that the nation's first duty was to defend the anti-government guerrillas that are said to be supported by South Africa.

In his first presidential speech to a mass audience, Mr. Chissano declared that the "total elimination" of the Mozambique National Resistance Movement was "the most serious and fundamental of tasks in the country's agenda."

This is a struggle in which there cannot be any compromises of any sort," he said. Mr. Chissano, formerly foreign minister, succeeded Samora Machel, who was killed Oct. 19 in a plane crash in South Africa.

Joaquim Chissano

### Soviet Defense Chief Reported Ailing

MOSCOW (Reuters) — Marshal Sergei L. Sokolov, the Soviet defense minister, missed a Moscow rally Thursday marking the 69th anniversary of the 1917 Bolshevik Revolution, intensifying speculation that he is in poor health.

The Soviet leader, Mikhail S. Gorbachev, and other members of the ruling Politburo attended the rally at the Palace of Congresses, Mr. Sokolov's home. A nonvoting Politburo member, was not present.

According to a newspaper published Wednesday in the armed forces newspaper Krasnaya Zvezda, Marshal Sokolov, 75, will not take part in Friday's traditional military parade through Red Square. Military statistics in Moscow said that Sokolov had circled the globe twice. Marshal Sokolov was in poor health but the nature of his illness was not known.

### NASA Overhauls Shuttle Management

WASHINGTON (UPI) — Space agency officials have announced a management overhaul program that shifts authority from Houston to Washington and puts at the helm one of the top officials involved in the decision to launch the shuttle Challenger on Jan. 28. The crash, which killed the seven astronauts on board.

The changes at the National Aeronautics and Space Administration, announced Wednesday, are designed to clarify lines of authority and improve communications, strengthen Washington's leadership of the program and make better use of space centers. Richard H. Truly, associate NASA administrator for space flight, said at NASA headquarters.

The most controversial aspect of the change is the appointment of Arnold Aldrich to head the shuttle program at NASA's headquarters. Mr. Aldrich, 57, is a former NASA administrator who has been Mr. Truly's last year. Mr. Aldrich became manager of the shuttle program at Johnson Space Center in Houston. He has worked in NASA's national space program since 1969 and is the highest-ranking official involved in the decision to launch Challenger who remains in a position of authority with the space agency.



## EUROPEAN TOPICS

## Orkneys in Campaign Against Nuclear Plant

THURSO, Scotland — The Orkney Islands have asked Norway and Denmark to reclaim them after more than 200 years after British rule. It is a humorous attempt to emphasize their otherwise bitter opposition to the construction of a nuclear waste reprocessing plant on the nearby Scottish mainland. If the islands ceased to be British, the islanders say, the six-mile-wide (10-kilometer-wide) Pentland Firth dividing them from Scotland would be international waters, which would restrict radioactive discharges into the sea.

A petition signed by most of the 19,000 islanders stressed the islands' historic links to Scandinavia and "humbly" asked consultation on their constitutional status. The Orkney Islands, once ruled by the Vikings, came under the Scottish crown in 1472. At the time, the islanders were constitutionally British. There was no immediate reaction from Norway.

"The islanders oppose the construction of a nuclear plant on the mainland on the Scottish coast on the ground that it would endanger their fishing, farming and tourist industries. Public hearings on the proposed construction have been going on for the last seven months and are expected to end by mid-November."

## Private Prisons Planned by France

PARIS — In an effort to cope with chronic prison overcrowding, the French government plans to contract for the building of about 60 private prisons during the next four years. About 50,000 inmates currently are jammed into prisons designed to hold a total of 32,500, and the number is growing.

Justice Minister Abba Chaidon expects to accommodate 25,000 prisoners in new private prisons and to create 10,000 more places in the public prison system. The new prisons would be built and managed by private contractors using private guards, although the government would retain overall control. The plan for private prisons would cost less than the construction of new public prisons, according to Mr. Chaidon.

The measure may run into trouble at the Constitutional Council and the Council of State,

which have to approve it before it goes to Parliament. The minister of social affairs already has pointed out that, under the constitution, private guards would have the right to go on strike. Guards in public prisons do not have that right.

## Around Europe

BERN — The Swiss Army's 80,000 bicycles will be replaced before the year 2000 by lighter models, according to the Defense Ministry. The present black, single-speed army bicycle dates back to 1905 and weighs 22.5 kilograms (50 pounds). The army bikes are popular among civilians because of their sturdiness.



Swiss troops will be trading in their bicycles for newer and lighter models.

ROME — Italy's Radical Party has voted to postpone the dissolution of the party in favor of a new membership campaign. The party had said in July that it would dissolve itself unless it managed to increase membership to 10,000 by the end of October. The membership went up from 2,356 to over 5,000, and the party's recent congress voted overwhelmingly to put off the 10,000-member deadline until the end of the year. It also voted to build an automaticity if it did not reach the 10,000 mark by then.

REYKJAVIK — Garri Kasparov, the Soviet chess champion, is to play a Soviet defector, Viktor Korneichuk, in a tournament here early next year, the Chess Federation of Iceland said Wednesday. In the past, the Soviet Union has threatened to withdraw its players from tournaments in which Mr. Korneichuk takes part. Apart from the 23-year-old Soviet champion, organizers said four of the world's top 12 grandmasters would take part in the Feb. 19 to March 3 tournament: Mr. Korneichuk, Jan Timman of the Netherlands, Nigel Short of Britain and Ljubomir Ljubojevic of Yugoslavia. The winner is to receive a prize of \$10,000, and the runner-up \$6,000.

BRUSSELS — In an effort to enhance the feeling of European identity among citizens of the European Community, EC ministers agreed this week to replace road signs at borders among its 12 member nations. As of Jan. 1, 1993, the familiar round, white, red-rimmed border-control signs will be replaced by a square, blue sign bearing the name of the country being entered in white letters encircled by 12 yellow stars the size of the European flag. Officials said the new signs symbolized the fact that frontiers were being dispensed with. However, customs inspections themselves are still in the process of being phased out.

BOLZANO, Italy — Female members of the South Tyrolean People's Party in the northern Italian province of Bolzano complained as a party congress early this year that their husbands were so engaged in politics that they hardly spent any time with their families. The complaint did not go unheeded. The party leadership approved a resolution stating that as of Jan. 1, "every first weekend of the month will be exempt from political activities."

VIBORG, Denmark — The 325 postmen and women of the western Danish town will receive a course on dog psychology because about 65 of them have been bitten by dogs this year. Roger Abrantes, a behavior psychologist, said the best way to approach an aggressive dog is to crouch low, avoid smiling and make short, sharp sounds for 20 seconds. Mr. Abrantes has already given a course on dog psychology to readers of electricity meters.

—SYTSKE LOOLEN

## Soviet Arms Buildup Pressures Oslo to Beef Up Forces

By Peter Maass

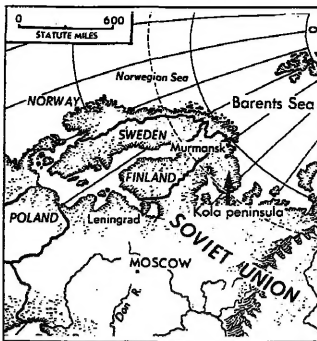
OSLO — The Soviet military buildup on the Kola peninsula has heightened tension in the Nordic region and put pressure on Norway to strengthen its armed forces, according to senior government officials.

The improvements on the Kola peninsula, less than 62 miles (100 kilometers) from Norway's border in the Arctic, are jeopardizing Oslo's decades-old pursuit of a low-tension military region. And this is forcing the Labor government to deal with new calls for changes in the country's political stance toward the Soviet Union.

General Fredrik Bull-Hansen, Norway's most influential military officer, made an unprecedented public plea last month for a doubling in the growth rate of military spending. He warned that current outlays would only cover the costs for an adequate defense of the northern half of Norway.

For the military budget is to total 15.9 billion kroner (\$2.1 billion), or an estimated 3 to 3.5 percent of the gross domestic product, which is a nation's economic output.

The general's request, however, was rejected as unrealistic by most politicians and failed to rouse much enthusiasm among the public, which strongly supports the country's dovish defense policy. But it reflects the unease felt within portions of the Norwegian military



and the North Atlantic Treaty Organization, of which Norway is a founding member.

"The time of low regional tension is over," warned a report this year by the Norwegian Foreign Policy Research Institute, a highly respected think tank. "We must be prepared to make the mental and psychological adjustments required for the difficult times ahead."

A senior Norwegian general said, "We could and should do more."

In the past two decades, the Kola peninsula has been built into the largest concentration of Soviet military power. It houses two-thirds of the Kremlin's submarine fleet and, in wartime, would be used for launching aircraft raids on the United States.

According to senior NATO officials,

this has radically increased the strategic value of Norway and the Norwegian Sea. In a war, the Russians would need to control northern Norway to effectively use the Kola installations for disrupting the U.S.-European sea lanes and for bombing America.

But if the Russians were prevented from gaining control of northern Norway, the Kola fleet would be bottled up.

"Norway has moved from being on the flank of a conflict to being at the center of it," said a Western diplomat. Reflecting a concern that Norway's defense policy is outdated, he added, "We're not sure that the Norwegians are aware of what's happened."

Since World War II, Norway has followed a policy often called "Nortpolitik," which tries to foster friendly relations with Moscow by avoiding any provocative military actions. Oslo has refused to allow nuclear weapons or the permanent stationing of NATO troops on its soil, for example, and forbids any military maneuvers near its 122-mile Soviet border.

Such policies are popular in Norway and won't change in the foreseeable future, analysts say. But more subtle changes are being urged on the government, which remains cautious.

"If we do something that could be seen as drastic, that could lead to an increased number of Soviet forces in this area," said a senior Defense Ministry official. "Then

we are not better off than when we started."

Mainstream politicians oppose any sharp increase in military spending, mainly because of the message that such a move would send to Moscow, but also because the fall in world oil prices has slashed the government's annual revenue.

Instead, the government appears to be reacting to the Kola buildup by focusing on increased cooperation with its NATO partners. For example, the frequency and scope of NATO maneuvers in the Norwegian Sea has slowly increased, civilian and military officials say.

Oslo has agreed to store ammunition and equipment for a U.S. Marine amphibious brigade that would be deployed in Norway during a crisis or war.

NATO officials acknowledge that in wartime the defense of Norway would depend on speedy reinforcements from other NATO countries, notably the United States.

The Western diplomat said the Norwegian's cautious military policy "argues against the specific steps to ensure that those reinforcements take place quickly."

## Tory Accusations Of Bias in News Rejected by BBC

New York Times Service

LONDON — The British Broadcasting Corp. has rejected Conservative Party allegations of bias in its news coverage, cautioning that it would "resist undue influence from any political party."

In a rebuttal signed Wednesday by Marmaduke Hussey, the new chairman of the BBC's board of governors, the network defended its coverage of the U.S. bombing raids in Libya in April as a "fair, accurate and thoroughly professional approach."

The coverage had been criticized as an unbalanced exercise that revealed a bias against the government of Prime Minister Margaret Thatcher, who permitted the United States to use British bases for the bombing.

But the BBC responded: "We vigorously reject the suggestion that either consciously or by accident, the BBC correspondents, editors and scriptwriters fail to meet the high standards of impartiality which we guard so jealously."



Bill Cotton, managing director of BBC television, at a press conference at which he rejected bias allegations.

The prominence of Mr. Hussey in the defense was considered significant, since it had been rumored that he was appointed by Mrs. Thatcher to serve as a more critical, day-to-day manager of BBC policy.

## France Deports 6 Spaniards

Reuters

MADRID — Prime Minister Jacques Chirac of France began his first visit to Madrid on Thursday after France expelled six Spaniards to Spain in its toughest action yet against suspected Basque separatist guerrillas.

Four of the six were high-ranking members of the Basque separatist group ETA, police sources said. They were detained in a police raid on Wednesday and turned over Thursday to Spanish authorities.

Heavy security surrounded Mr. Chirac's visit after ETA, the Basque-language acronym for Basque Homeland and Freedom, had threatened revenge.

Relations between France and Spain, once soured by Spanish accusations that ETA freely used southwest France as a sanctuary in its war for Basque independence, have gone from stormy to cordial since President Francois Mitterrand started a crackdown four years ago on separatists.

France has deported 22 Basques to Spain since it started a policy of summary expulsions in July. But

the group deported on Thursday was the largest single group.

The French raid on Wednesday at a furniture factory near the Spanish border yielded crucial information on planned ETA attacks in Madrid and Barcelona, police sources said. Police also found large sums of money, police uniforms and weapons, including launchers for advanced heat-guided missiles.

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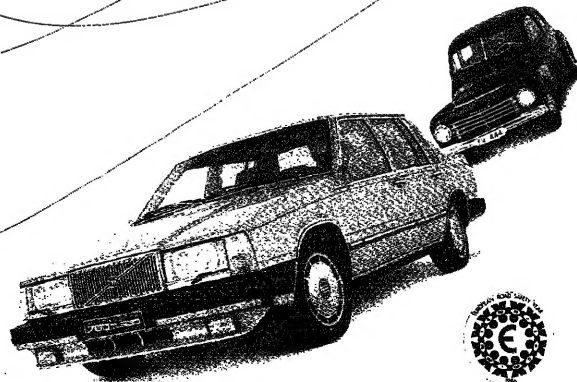
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- 1975 Stepped-bore brake master cylinder
- 1975 Day running lights
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- 1985 Electronic traction control (ETC)
- 1986 Safety belt pre-tensioner



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# TRAVEL

- The '86 Vintage
- Regenerated Augsburg
- Deregulation Wars

International Herald Tribune

## TRAVELER'S CHOICE

### Tours for the deeply jaded

■ How about a love-cure tour? Or maybe an anti-terrorist tour? The former is "a one-week learning experience" designed by Debra Phillips, author of a book called "How to Fall Out of Love." In resorts such as Nassau, Puerto Vallarta, Puerto Rico, St. Thomas and Mazatlan, at prices from \$1,995 to \$2,799. Single rooms, oddly enough, cost extra. International Marketing Tours, 676 Winters Avenue, Paramus, New Jersey 07652. Another tour operator invites you to Israel for a week of learning "basic unarmed and armed self-protection techniques" under the guidance of an anti-terrorist hero for \$2,750 including air fare from New York (and a week of relaxation and touring). The Travel Gallery, 387 Park Avenue South, New York, N.Y. 10016. And if those leave you yawning you may be ready for the trip that even \$1,000 a day won't cover: around the world in 40 days by luxury jet, limited to 24 people in a specially converted Boeing 727. It's just \$49,850 a person; successful graduates of the love cure should add \$9,500 for single accommodations. World Air Cruises, 150 East 39th Street, Suite 602, New York, N.Y. 10016.

### From jungles to falls

■ Venezuela is the destination for a series of tours that promise Amazon jungle, wildlife observation and the world's highest waterfall, Angel Falls. The basic eight-day tour from Maricao proceeds by air, dugout canoe, cable car and van on an itinerary through the vast Páramo cattle ranch, with its 270-plus species of birds. Six-day excursions are also available. Departures Dec. 7 and 21, Jan. 11, Feb. 7 and 28, April 28, May 24 and June 21. Prices start at \$1,350, based on double occupancy, including air fare from New York, lodging, meals, excursions and transfers. Sabrosa Travel, Suite 308, 150 Central Park South, New York, N.Y. 10019.

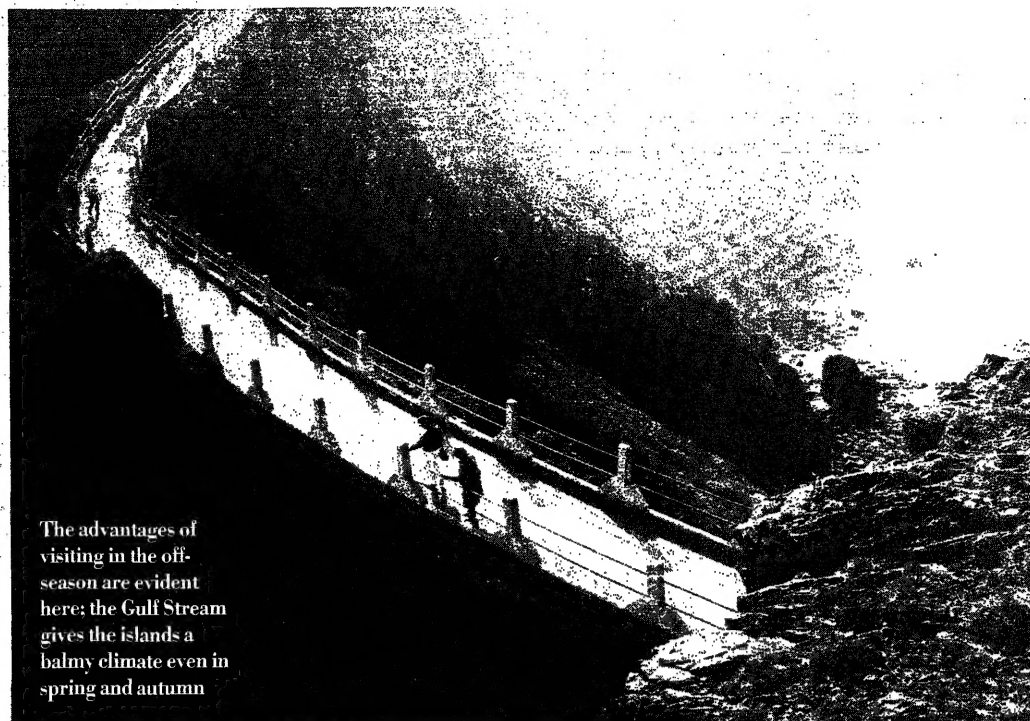
### Start training for Bermuda

■ Runners in search of a challenge in a warm climate should consider the Bermuda Marathon, preceded by a 10-kilometer race, on Jan. 17 and 18. A tour built around these races—including a personal coach by Dr. George Sheehan, a cardiologist who is a runner, lecturer and medical adviser—will leave from various U.S. cities Jan. 16 and return Jan. 19. The tour offers training runs, entry forms, speakers, films and parties (after the races, of course). Based on double occupancy, the tour is priced at \$489 a person from New York, including air fare, accommodations, breakfast and dinner, transfers, cocktail reception, hotel taxes and tips. Rates from other cities include \$499 from Boston and \$599 from Chicago. Race entry fees are extra. Marathon Tours, 108 Main Street, Charlestown District, Boston, Massachusetts 02129.

### By camel into the desert

■ For 19 days beginning next June, as holiday travelers will make their way by air, by camel and on foot from the edge of Kenya's northern desert through a landscape of sand, salt pans and oases to visit Africa's smallest tribe—the 10-member El Molo group—and make the acquaintance of nomadic people including the Samburu, the Turkana, the Rendill, the Galla and the Baka, who inhabit the desert. There will be opportunities to race camels and fish for Nile perch in Lake Turkana on this "Shepherds of the Desert" safari. Four-wheel-drive vehicles will provide much of the transport. Most nights will be passed in desert camps or in luxurious tented sites where showers and hearty cuisine will provide a counterpoint to the harsh landscape. The Reserve, and the comfortable Mount Kenya Safari Club are on the itinerary. June 6-27. Cost, \$5,911 a person, including transport within Africa, accommodations and meals but not air fare to Nairobi. Mackey Aminstein, East Africa Safari Co., 250 West 57th Street, New York, N.Y. 10017.

## Quiet Days on the Channel Islands



The advantages of visiting in the off-season are evident here: the Gulf Stream gives the islands a balmy climate even in spring and autumn

La Coupée, Sark.

by Rebecca Brice

At the very tail end of the summer season, I took a severe case of burnout to the Channel Islands. I emerged the least human, the least mind, and completely infatuated with these flyspecks in the English Channel, especially the most inaccessible of the least known. If you are capable of providing your own amusement on holiday—if, indeed, you at least occasionally prefer to do so—the more remote cousins of Jersey can be paradise.

In geographical terms, the Channel Islands barely merit being called part of the British Isles. They are full of place-names reflecting their proximity to France. Yet in spirit and atmosphere this peculiar dependency of the British crown is strongly English-provincial; about the only element in lack in this respect is large numbers of American tourists.

Jersey is the most familiar, the largest, the most accessible from England or France—and the most traveled by package tours, offshore banking, re-

trots, job-seekers, tax evaders. It has its pleasures and its beauties—bays and beaches, the cliffs of the north coast, the medieval castle at Gorey on the east coast, the zoo for endangered species founded by the naturalist and writer Gerald Durrell. It is undoubtedly a lively spot for a week with the family. Getting away from it all, however, is not exactly Jersey's specialty. Jersey and some outlying reefs form a bailiwick, self-governing, with its own legislative body, the States. The rest of the Channel Islands lie in the bailiwick of Guernsey, Guernsey, Alderney and Herm are topographically similar, with beaches in the north and cliffs in the south. Sark, which teems itself as a feudal throwback, is cliffs and caves all around. There are no cars, not even bicycles. There are a couple of tractors for hauling goods and luggage to and from the harbor, and a couple of other tractors for farming. Farming is Herm's No. 2 business; its 100 part-timed Guernsey cows provide about 3

Continued on page 8

## SHOPPING

### The Antiques Super-Shopper

by Steve Lohr

LONDON — Every month or so, the New York decorator David Easton comes to Europe to shop. These trips include stops in Lisbon, Madrid, Paris and London, days crisscrossed with appointments, searches for the antique rugs, linens, fabrics and furniture that he cannot find in the United States. "English and European dealers tend to have the larger, more important pieces," he says.

"It's like planning a military campaign," Easton explains, leaning through typewritten pages of items he wants for clients and a hand-written itinerary.

His company, David Anthony Easton Inc., designs both houses and interiors. Known for his British country-house look, Easton has created Georgian-style homes for American clients. So London is a focal point for the 49-year-old designer for concentrated shopping and as a source for research in architecture and furniture.

A day with Easton spans 12 hours, with car and driver at the ready: a dozen stops at London shops, dealers and craftsmen, and finishing with a run to Oxford. His method is a mix of calculation and serendipity. He knows the dealers he will visit, their taste, their merchandise. Sometimes he will be seeing an item for the second or third time before buying a chandelier or a rug that cost more than \$100,000. At other times Easton will point to something a few seconds after walking into a shop and exclaim, "Oh, we've got to have that!"

"I am driven by the compulsion that the next treasure will be at some shop on King's Road or wherever," Easton says, striding out of Charing's at 9:50 A.M. after breakfast with his shopping agent.

First stop is Christopher Gibbs Ltd., at 118 New Bond Street, a dealer for "large, eccentric furniture." Today he is interested in two 12-foot-long William Kent-style chaises. Easton, designing a gallery for a client, is considering buying the two 18th-century chaises and possibly having another two made to match.

At C. John, a dealer in antique rugs at 70 South Audley Street, Easton is intrigued by a large Ukrainian rug—price \$150,000. Easton nods and requests a transparency.

To fashion the "great house," says Easton, can take up to four years, involve hundreds of people and cost several million dollars. Some estates he is working on have stables, ballrooms and family chapels. "I am amazed people have the money to spend on these projects," says Easton, who lives in an inexpensive rent-controlled apartment on Manhattan's Upper East Side. "Of course, it's great for us that they do."

His company charges 10 percent commission on items purchased abroad. Shipping is extra. Travel expenses are usually split among the clients he shops for.

For antique fabrics, Mayores Ltd. at 38 Jermya Street is London's best, says Easton. He purchases a 5-foot (1.5-meter) square of 18th-century French silk brocade for \$3,500 for a Virginia client's private chapel.

At Look, a dealer at 76 Piccadilly Road known for its 19th-century upholstered furniture, Easton plops down on a tufted Victorian Chesterfield. "It's so comfortable you may never get up." He explains the appeal in the 1980s of the classicism represented by the British country-house style. "People are looking for order in their lives."

Just before noon Easton walks into Mrs. M.E. Crick Ltd., at 166 Kensington Church Street, to check out glass chandeliers. After a half-hour lunch Easton goes to the George

Shorlock shop at 589 King's Road. He quickly agrees to buy a tufted Victorian child's chair for \$900. "I couldn't let it get away."

A hallmark of Easton's company is attention to detail down to selecting linens and stationery for some clients. His next stop, Lunn Antiques, at 86 New King's Road, is a specialist in antique linens and lace. Easton usually buys single examples at Lunn's, then sends them to Madeira to have copies made.

Next Easton visits an antique dealer, Rodney Brooke at 27A Elyngrove Road. Easton looks over a 17th-century Indian table inlaid with semiprecious stones and a Regency library table at \$82,000, then picks out a 18th-century chest for a Chicago client.

Before heading to Oxford, Easton stops at T. Crowther & Sons at 282 North End Road to survey their garden sculpture and fireplaces. More than an hour later, in the wood-working shop of Symon and Co. of Oxford, (founded in 1827), Easton is hunched over drawings for the paneling, moldings and other woodwork of a New York library. Here he is not buying, but consulting with craftsmen to make sure that finishing touches are as he wants them.

"I do try to be cautious about overpaying," says Easton on the trip back to London, collating photos and lists. He estimates that he has spent \$50,000 in his five-day trip. He will show his clients photographs of \$500,000 worth of antiques.

"I figure I look at about a thousand different things a day on one of these trips. I'm visually exhausted, but exhilarated that these objects will find a second home 4,000 miles away. It's like Christmas when the shipments arrive."

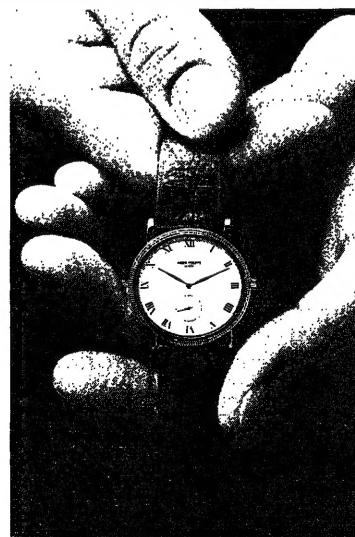
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## TRAVEL

# Vintage 1986: Quality, Quantity, And Rising Prices

by Frank J. Prial

PARIS — Except for a few vines in Alsace and in Sauternes, the 1986 harvest in France is over. This is when the winegrowers, lurching with their bankers, mutter and grumble about the wine writers — if the writers have had the audacity to suggest that the wines may not be very good.

"What do they know?" the growers demand rhetorically. "We've been doing this all our lives, and we can't tell how the wine is going to turn out."

That's how it would go in bad years. In good years, the winegrowers scribbled would be hailed for their perspicacity in recognizing so early on that 1984 or 1985 or 1986 is a marvellous vintage, another year of the century.

There is no year-of-the-century talk this autumn, partly because it's too early and partly because, while the wines are good, they don't seem extraordinary. Someone was saying the other day that the new

*Although the weather conditions in Bordeaux were not optimal, they were more than adequate to produce a very large vintage of good and occasionally excellent wine.*

Bordeaux resemble the 1979s and the 1981s. There has even been some talk of their resembling the 1975 vintage, which is a bit amusing because when that vintage was so solidly predicted that few people alive then would be around to drink it when it was ready. The 1975s are still not ready.

As far as anyone can tell — and there are a lot of things one can tell about a new crop — the 1986 Bordeaux should be good, solid, drinkable wines in a few months, though the weather conditions in Bordeaux were not optimal, they were more than adequate to produce a very large vintage of good and occasionally excellent wine.

A large vintage of good and occasional-

ly excellent wine. Does that have a familiar ring? It should. We've been hearing it, or some version of it, for almost a decade. With the exceptions of 1977 and 1984, there hasn't been an indifferent year in Bordeaux in more than a decade. Some vintages — 1978, 1982, 1983 and 1985 — have been very good indeed. Nor has it been a time of good but tiny crops, as was the case in, say, 1981. For the most part nature has been generous in terms both of quality and quantity.

Consequently, there is a great deal of good wine to be had in the cellars of Bordeaux and in retail shops around the world. As is so often the case the Bordeaux trade, or some of its rolls slightly along asking for more money for its wines than many people are prepared to pay, particularly when they know that supply is rapidly outstripping demand.

After the two expensive vintages, 1982 and 1983, the trade asked for even higher prices for the much less impressive 1984. Stung by the outcry from American consumers, the Bordeaux announced that the 1985s would open at the same prices as the 1984s. Fine, except that the dollar had dropped in value by about a third. No prices will be available for the 1986 until next year. Everyone will be waiting to see if the trade is going to repeat the folly of the early 1970s when the wine was sold away and some very prominent wine shippers found themselves in deep financial trouble.

It will also be interesting to see if the bid for buying futures continues. For a number of years, wine investors who bought as opening prices did quite well as demand pushed those prices up. The first growths, the famous names such as Lafite, Mouton and Latour, have always had a special market, buyers to whom price is secondary. But a lot of smaller vineyards have jumped in in recent years. If a few prices drop instead of going up, a lot of distasteful wine will be on the market.

In Ay, in the heart of the Champagne country, Christian Bize, the president of Champagne Bollinger, characterized 1986 as an average year. "The chardonnay grapes were good in quality and mediocre in quantity," he said, "while the pinot noir and merlot grapes were mediocre but less impressive in quantity." Chardonnay grapes are white, pinot noir and merlot are red.

For Bollinger, at least, 1986 will not be a vintage year. What means that most other houses will also consider this a reserve wine year. Reserve wine is the Champagne used in nonvintage blends. Bollinger, like most, has a large reserve of reserve wine stocks. The principal problem with Cham-



Morris Flom, Morgan



French "vendange," ancient and modern: above, Cotes du Rhone; below a cartoon by Daumier.

pagne these days is price. Bollinger will go up by 12 per cent shortly, which, when coupled with the fall of the dollar and price increases over the last two years, means that Champagne is back in or very close to the luxury category for Americans again.

In Burgundy it looks like a good year for the white wines and a not-so-good year for the reds. The winemakers are using that great catchall phrase, "One will have to choose carefully," which, of course, is a

superficial way of saying there is a lot of wine that should not be chosen at all. But except for the fortunate few, does it matter? Burgundy prices are so high that discussions of the wines are mostly academic.

Rot was a big problem in Burgundy this year. It was not in Beaujolais. The wines are plentiful and fruity, but not as rich as they were in 1985. The earliest, the premier or second vintages, will be in the shops in two weeks. Generally it will be a good

commercial vintage, with a few highlights among the ones, such as Morgon, Fleurie and Chiroubles.

Morgon is a wonderful example of how fast change the way wines are made. Years ago, Morgon was one of the lightest of all the Beaujolais. Then, over the years, Morgon became a wine to keep for a year or two, a wine meant to rival lighter Burgundies at table, in restaurants and the home. Now, tastes have shifted and the wine is relatively light again. The big wine of Beaujolais these days is Moulin-à-Vent.

This should be a pretty good year in Beaujolais. Not 1976, nor even 1983 or 1985, but a year in which there is plenty of decent wine to drink.

In Chablis and Alsace, two northerly vineyard areas, the talk is of good, average wines, but not in the class of the 85s or, for Alsace, the 83s. Jean Hugel, of the famous Hugel firm, told an interviewer he would rate the vintage 14 or 15 on a scale of 20.

In the Loire Valley there is quite a bit of enthusiasm about 1986. Alcohol is good, and acidity, without which the Loire wines are nothing, is particularly strong, according to a variety of reports. Quantity will be down, as much as 30 percent in some areas, but one has to go back a number of years to recall a serious shortage of Loire wines. It means mostly that the price of Sancerre will go up again. So what else is new?

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## Three-Star Cigars

by Gordon Mott

MARC MENEAU rolled the cigar lightly between his fingers, pointing his flowing tip toward the ceiling of the bar and lounge at the Esplanade, his three-star gastronomic restaurant in St.-Pere-les-Vaux. Smiling slyly, the chef offered an opinion about a cigar's place in the world of French haute cuisine. "Smoking a fine cigar after a meal is a pleasure, not a vice. There's something sensual, almost sexual, about it. It says something about a man," Meneau said. Then he laughed. "Or a woman."

Cigars are not a big deal in France, but one essential element of what they call the three Cs: coffee, Cognac and cigars. If in the United States the cigar con-



Listening to a cigar.

power and status with a touch of rebelliousness, in France it suggests an appreciation of the finer things in life.

But many Americans have abandoned the pleasures of a good smoke, inhibited by the anti-smoking lobby, health concerns, the prohibition on imports of Cuban cigars, arguably the world's finest, and perhaps a loss of some of what constitutes the good life. René Bruchet, the responsible de cigars at Maxim's in Paris, confirmed that Americans aren't his big customers. "I think they have an allergy to Cuba," he said. Frenchmen are not constrained by the same political concerns, he added, and keep him busy after every meal.

Here's a quick guide to the ritual of asking for, choosing and lighting a cigar that costs 60 francs (about \$10). When your waiter says, "A la Meneau," let me get the responsible, "you know you are on the right track. Cigars must be served for the fine old wine. Storage should be in a slightly humid, cool place — not the humidifier. When the cigar arrives, he should open the box, the selection. In most restaurants, the choices will be Cuban-rolled

Montecristo or Davidoff, a Swiss concern with many cigars made of Cuban tobacco. Some restaurants stock lesser Cuban brands, Romeo y Julieta and Partagas, which are still good cigars. Occasionally, there are lighter Dominican cigars, too. The smaller the number on the cigar, the bigger, thicker and longer it is.

The only way to tell if a good cigar is in good condition is to pick it up. Don't squeeze it too tightly, lift it delicately with your first two fingers and thumb and roll it gently near the middle. Listen for a crackling sound like crisp autumn leaves underfoot; it's a sign of dryness. Similarly, avoid a cigar if the outer wrapper is flaking. A cigar should resist the squeeze, maybe even be a little springy. But it should not feel soggy — a sign of too much humidity. Finally, take a whiff. A cigar should smell of tobacco and not be musty. The same squeezing and sniffing process should take place after you've selected the size cigar you want. Squeezing every cigar in the box isn't very considerate.

The waiter should take the cigar from you to tip the end with a special cutter. If you ask for your favorite size, cut the entire end and snipped off a quarter-inch, V-shaped slit across the wrapped end. Either procedure eliminates biting off the end, which is an effective but a rather crude public display. A sniffer point: Have the waiter remove the trademark band. Leaving the band on is just not done.

The lighting of the cigar comes next. Everyone has seen cigar smokers light up by striking a match or flicking a little volume lighter and drawing deeply on the cigar to get it going. Don't do it. Some restaurants provide a thin, almost flimsy, strip of cedar wood that the waiter will light. If not, let the match burn for a few seconds. Don't puff on the cigar yet. Hold the flame before the cigar tip, turning it slowly to light the entire surface.

You should also try to rest any fears about killing your taste buds with cigar smoke. Meneau says the only thing to avoid is smoking a cigar right before a big meal. "Some people smoke a lot and still have a palate. Some people don't smoke and don't have a palate. It's an individual thing."

One final note for enjoyment of the ritual. A Cognac executive recommends sipping the Cognac "to get its full flavor" before lighting the cigar. After a grand repose, find a seat in the salon, order a café and a selection from the Cognac list and round out the evening by calling over the cigar box. You'll see why the French still believe in the three Cs.

Gordon Mott, a journalist who lives in Paris, wrote this article for The New York Times.

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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
Goodyear	24 1/2	24 1/2	24 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2
IBM	100 1/2	100 1/2	100 1/2	+ 1/2

Market Sales				
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE
NYSE	NYSE	NYSE	NYSE	NYSE

NYSE Index				
High	Low	Close	Chg.	Vol.
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55

Thursday's NYSE Closing				
Vol.	High	Low	Last	Chg.
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55

AMEX Diary				
Vol.	High	Low	Last	Chg.
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55

NASDAQ Index				
High	Low	Close	Chg.	Vol.
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55
141.55	141.55	141.55	+ 1.55	141.55

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55

Dow Jones Bond Averages				
Vol.	High	Low	Last	Chg.
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55

# Bond Market Pressures NYSE

**NEW YORK** — Prices on the New York Stock Exchange retreated in active trading Thursday, hurt by a weaker bond market, a slide in IBM and dampening takeover speculation, traders said. A round of late buying, however, halted the day's losses.

The Dow Jones industrial average fell 7.45 points to 1,891.59. An hour earlier, the Dow was down nearly 20 points. Losers outpaced gainers, 905 to 656.

Broad-market indexes retreated. The New York Stock Exchange composite index dropped 0.36 to 141.55. The price of an average share fell 10 cents. Standard & Poor's 500-stock index fell 0.71 to 245.87.

Volume totaled 165.29 million shares, down from 183.17 million Wednesday.

The market opened lower but needed just before midday when the bond market retreated. Weakness in bond futures spilled into stock index futures, pushing those contracts to a discount to the cash indexes, traders said. The discount resulted in several sell programs, said Thomas Ryan Jr., vice president in charge of equity trading at Kidder, Peabody.

Mr. Ryan said concern that October employment figures, due out Friday, would be stronger than expected, made the fixed-income market nervous, especially so on a day when the Treasury was auctioning \$9.25 billion of 30-year bonds.

Michael Meier of Oppenheimer & Co. agreed that equities got no help from the bond market. But he said enthusiasm for takeover situations was considerably lessened by stock-repurchase programs announced by CPC International.

Wednesday and Goodyear Tire & Rubber Thursday, two companies that for weeks have been the subjects of intense takeover speculation.

"There are some bloody faces among the arbitrageurs," Mr. Meier said. "Even some of the professionals have had their heads handed to them."

He said the market had lost the momentum it needed to challenge its high of 1,919.71.

"With investment demand not terribly vibrant and a little more reticence among the takeover players, the market has more ground to give up," Mr. Meier said.

IBM retreated after the influential investment firm of Goldman Sachs dropped the stock from its recommended list. Daniel Binstock, Goldman computer analyst, said two surveys commissioned by his firm indicate that it is unlikely IBM's mainframe business will be able to offset weakness in its minicomputer and small-systems lines or that there would be a broad-based upturn in the domestic computer business.

On the economic front, the Federal Reserve reported that U.S. consumer credit expanded by \$6.27 billion in September. Mr. Meier attributed most of the rise to car purchases, but he said the figure shows the consumer so highly leveraged, that it is unlikely that consumer spending can give the economy much more support.

Goodyear was the most active NYSE-listed stock, falling 1 1/2 to 48. It authorized a buyback of up to 20 million of its shares. Sir James Goldsmith has proposed buying Goodyear for \$49 a share.

Dow Jones Averages				
Vol.	High	Low	Last	Chg.
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55

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AMEX Stock Index				
Vol.	High	Low	Last	Chg.
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55
141.55	141.55	141.55	141.55	+ 1.55

Handwritten note: "10/11, 10/12/86"







# The Soviet Union's Willing to Expand Trade With the U.S.A.

Problems concerning the state and prospects of Soviet-American trade are more and more frequently discussed nowadays by business and professional people, international relations experts and the mass media. This activity is in no way accidental. Its origin could be traced to recent events, to changes undergone by the world's economy and to effects of scientific and technological revolution upon the international community.

Vast progress has been generated by the XXVth CPSU Congress and its decisions aimed at cardinal restructuring of the country's economic and social development and speedup of modernization of industry and agriculture of the U.S.S.R. In fact, it is not evolution but revolution that is taking place in one of the largest present-day economies, which, beyond any doubt, cannot be reflected in the world's economy in its entirety.

In this new environment of acceleration and development, Soviet foreign trade is afforded the role of a catalyst of production, the means for reorienting the industries for active participation in the buildup of export potential, perfection of its structure and upgrading of the quality of products.

Giving natural priority to the growth of Soviet exports, we are by no means going to deprive ourselves of the goods which help fulfill the plans we have set before us. However, the development of imports

however should follow a path that is intensive and not extensive, accompanied by increasing effectiveness, i.e. yielding to the country's economy the maximum effect per unit of the import of currency.

The general guidelines for the development of foreign trade, determined by the Congress, are supported by corresponding administrative decisions whose major objective is, on the one hand, deeper involvement of industries in the process of realization of international exchange, with the incentives for a businesslike and concerned attitude toward external markets, and, on the other hand, a quest for advanced systems of commercial relations enhancing their effectiveness and mutual benefit. Thus, as far as the U.S.S.R. is concerned, there have been created real prerequisites for substantial and qualitative expansion of trade.

Not less important in a comprehensive discussion of issues of international trade are the economic problems that have been increasingly encountered as a rising degree by developed capitalist countries, echoed in protectionist trends in their external economic activities. Sharp fluctuations of price levels, particularly in the domain of energy and raw materials, unstable exchange rates of the dollar have been posing international trade in all international relations.

The mutual interests of business circles of both countries in development of trade remains high. The meeting of

members of the American-Soviet Trade and Economic Council that was held at the end of last year and gathered over 400 businessmen agreed on the necessity of normalizing the trade situation, and advanced the expansion of two-way trade. Soviet foreign trade organizations are engaged in negotiations on numerous potential projects of partnership with U.S. firms in such economic sectors as industrial agriculture, chemistry, petrochemistry, engineering, oil and gas production, light industries and others. One could not be certain as to the success of these projects would come into existence, but one could at least hope that some of them would develop into reality.

Our counterparts in the U.S. administration also come forward with appeals for expansion of trade. But the creation of a normal environment cannot be recognized by the business community as essential for trade transactions is made dependent on "progress" of the American foreign trade policy.

Calling a trade a trade, this approach seems to be an attempt at trading with trade, which, as we have already pointed out, is unacceptable in principle in international trade. The limiting of export relations between two great powers will not only be an obstacle to trade, but will also have a negative effect on the international situation.

It is a pity that the U.S.S.R. is not able to speak altogether of large-scale and long-term cooperation when Soviet-American trade is divided of the U.S.S.R. and the U.S.A. in the plant and equipment, universally recognized in international economic relations? What measures do we have for

improving imports from the U.S.A. if Soviet exports to that country are not allowed the most-favorable situation?

To finance our imports from the U.S.A. at the expense of our other Western partners would have been obviously delayed and unfair to them. The United States annually purchases about \$800 to \$900 billion worth of goods, and one side to other countries amount to \$200 billion a year. In all probability, it could have been possible to find in these large volumes at least something to fill up our two-way trade if the door to the U.S. market for Soviet merchandise had not been permanently checked with a chain. With this chain can be removed only from the inside of the American foreign trade policy.

Finally, there is yet another issue of immense importance for commercial relations: that of mutual trust. A contract, as is generally known, is signed only when it is mutually beneficial to both parties. Even the most eager disposition from commercial terms inevitably leads to losses paid for by the seller and buyer alike. The experience of the last years, though, has taught them not to be extremely

American legislation is so vague in its definition of the concept of the extension of a contract that an American commercial partner has been obliged to sue the U.S.S.R. in the business courts.

A still greater degree of vagueness prevails in the limiting of export relations by the U.S. administration. The overall impression suggests that the export policy of the U.S. in this sphere holds

down to making legal the situation where the administration wishes the right to make decisions regarding its foreign policy in any particular moment of Soviet-American relations. Once again calling a trade a trade, it is quite obvious that we are dealing with an attempt to use trade as a weapon in foreign policy.

So, what next? Practically nothing. It may sound, the future shall be thought. It is not necessary to say that it is not in the interest of the U.S.S.R. to have a contract with the U.S.A. in the business courts.

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Our successful partnership with firms of other countries, despite endeavors to obstruct it and put artificial barriers and limitations in its path, is another reality.

We would not acquire obstacles or



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of expanding mutually profitable trade and economic contacts, we envisage the employment of such patterns of partnership in cooperation in production and manufacturing plant ventures and enterprises. This is also the reality.

The realities are bound to give birth to realistic in Soviet-American economic relations, sooner or later. The sooner, the better. Otherwise a situation might occur when the truth leaving for the Soviet masters would have the U.S. firms watching its progress.

—N.V. Zlotovskiy  
Director, Department for Trade with the Countries of America, U.S.S.R. Ministry of Foreign Trade.

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## Trade With Countries of Western Europe

The countries of Western Europe claim precedence in the U.S.S.R.'s trade and economic relations with the industrialized nations of the West. As a matter of fact, they account for 40 percent of the Soviet trade turnover with this group of countries.

Economic cooperation of the Soviet Union with the countries of Western Europe is based on strong traditions and aims from the mutual interests of both sides to promote trade and other forms of economic partnership on the basis of equality, non-interference in the internal affairs, reciprocal benefit, non-discrimination and observance of regulatory agreements.

The dynamic growth of trade and economic relations between the U.S.S.R. and the countries of Western Europe is explained by a reliable legal foundation formed by the bilateral trade agreements, long-term treaties on economic cooperation and by the programs detailed within the framework of such agreements. Intergovernmental joint commissions and committees as well as numerous multi-group and highly influential in the promotion of economic relations with the West.

The signing of the Declaration of the Conference on Security and Cooperation in Europe has a favorable effect on the revival of trade and economic relations between the U.S.S.R. and the countries of Western Europe. In the decade of 1970 to 1980, the trade turnover with the nations of Western Europe grew by more than three times, reaching last year the level of 30 billion rubles. The rates of growth were previously dynamic in the years 1961-1980, when they surpassed the index of the previous five years by 76 percent, so that the U.S.S.R.'s trade with the countries of Western Europe climbed to one-third of the total foreign economic trade of the Soviet Union.

A tremendous effort has been initiated in the U.S.S.R. to secure its foreign economic policies. M.S. Gorbachev, General Secretary of the Central Committee of the CPSU, stated in his report to the XXVth Party Congress "...the problem of active utilization of our foreign economic activities to the benefit of our accelerated develop-

ment we intend, step by step, to remodel the structure of foreign trade economy to make our exports and imports more efficient."

All of the developed countries of the West, the biggest Soviet trade partners are in Western Europe, including the Federal Republic of Germany, France, Italy, Great Britain, West Germany, Sweden and Switzerland.

Quite logical is the fact that the most rapid growth in trade with the U.S.S.R. and the countries of Western Europe in the development of their trade and economic relations is being witnessed in the last decade, which, as was stated in this Final Act, is establishing strong economic ties and long-term partnership on the basis of equality, non-interference in the internal affairs, reciprocal benefit, non-discrimination and observance of regulatory agreements.

Industrial cooperation between the U.S.S.R. and the countries of Western Europe takes various forms. Notably, it has become a widely practiced example of partnership with West European companies since the U.S.S.R. in large economic projects on a compensation basis. This form of cooperation is largely practiced by companies of Western Europe.

It is worth to mention the "contract of the century," as it was called by Western journalists, otherwise known as the "Contract of the Century." According to its provisions, some of the countries in Western Europe are now carrying out the largest-scale industrial exchange for the pipes and certain equipment that had delivered to the U.S.S.R. by the West European companies within the framework of this agreement.

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trade and economic cooperation between the U.S.S.R. and the countries of Western Europe involves a great number of small and medium-sized enterprises. They are operating not only as sales agents of their Soviet counterparts but are also acting as subcontractors in the production of goods and services. Soviet orders placed with large Western companies.

However, we should not ignore the fact that in the past few years, some countries in Western Europe took steps to restrict the import of goods from the U.S.S.R. and the countries of Western Europe in the sphere of trade and economic relations.

They joined the United States in their efforts to restrict the COCOM activities in the sphere of trade and economic relations with the U.S.S.R. Some of them are advocating the theory of "exclusion of long-term economic cooperation with the U.S.S.R."

Though it sounds like a paradox, it is a well-known fact that the U.S.S.R. has made to withdraw from trade with the U.S.S.R. the commodities which are the least in demand and least useful for the U.S.S.R. but, generally, are the backbone of programs for the whole of mankind.

Naturally, the West cannot monopolize technology. There are many spheres where the U.S.S.R. has the most advanced technology and where the Soviet achievements are gradually employed by other countries. The U.S.S.R. is steadily slowing down the pace of bilateral cooperation between East and West, causing the U.S.S.R. to lose its status in business relations.

The Soviet side objects, in principle, to the protectionist policy of the U.S.S.R. and the countries of Western Europe. It is not in the interest of the U.S.S.R. to have a contract with the U.S.A. in the business courts.

In this connection, it will be relevant to note that the climate of trade and economic cooperation between West and East is becoming increasingly hostile. It is not in the interest of the U.S.S.R. to have a contract with the U.S.A. in the business courts.

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Computers at the Institute of Information and Automation, the U.S.S.R. Academy of Sciences.

CPSU, to establish a universal system of international relations which is also to enhance the sphere of economy and, as one of the steps, calls for eliminating, on a world scale, all forms of discrimination and for promoting the policy of economic exchange and cooperation.

Not long ago, particularly after the signing of the Final Act of the Conference on Security and Cooperation in Europe, the U.S.S.R. has made to withdraw from trade with the U.S.S.R. the commodities which are the least in demand and least useful for the U.S.S.R. but, generally, are the backbone of programs for the whole of mankind.

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The realities are bound to give birth to realistic in Soviet-American economic relations, sooner or later. The sooner, the better. Otherwise a situation might occur when the truth leaving for the Soviet masters would have the U.S. firms watching its progress.

—N.V. Zlotovskiy  
Director, Department for Trade with the Countries of America, U.S.S.R. Ministry of Foreign Trade.

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AMER. INDEX	P.18	Foreign reserves	P.10
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## TECHNOLOGY

Advances in Automation  
Widen Competitive Gap

By BARNABY J. FEDER

New York Times Service

NEW YORK — American manufacturers have long comforted themselves with the knowledge that the United States leads the world in the development of new manufacturing technology. Many of them believe they can use that lead to gain a competitive edge on foreign rivals.

There has been plenty of anecdotal and statistical evidence, however, that Americans have been just as likely to shoot themselves in the foot with the new technology as to knock off their competitors.

The best-known example is the industrial robot. Robot technology was born and bred in the United States during the 1950s and 1960s, and Americans are

In a comparison with Japan, the U.S. seemed like "a desert of mediocrity."

to seeing photos of robots painting, welding and drilling everything from car bodies to dishwashers. But they also realize that robots have been more successfully and widely deployed in Japan.

Robots are just one part of the picture. Together with other computer-controlled machines, as well as conveyors, they form flexible manufacturing systems. These systems, when linked by more machinery and larger computers, add up to computer-integrated manufacturing, or CIM.

A number of manufacturing experts have warned that U.S. manufacturers seem headed toward the same problems with flexible manufacturing systems that they have encountered with robots. But on a larger and more daunting scale. In the November-December issue of the Harvard Business Review, Ramchandra Jankumar, an associate professor at the Harvard Graduate School of Business Administration, provides strong statistical support for such views.

He studied 35 flexible manufacturing systems in the United States and 60 in Japan in 1984 — a sample, he says, of more than half the installed systems in both countries. The United States came out of the comparison looking like "a desert of mediocrity."

"Rather than narrowing the competitive gap with Japan, the technology of automation is widening it further," Mr. Jankumar wrote.

THE American manufacturers failed to exploit the flexibility of the systems. The computer-controlled machinery can handle a wide variety of parts and tasks with little human intervention. But the manufacturers usually programmed the flexible systems to produce large runs of a few products, just as if they were only improved versions of the conventional machinery that has dominated assembly lines since the days of Henry Ford.

Such automation may produce higher-quality products and improve worker productivity, but it is an expensive way to achieve such ends and a less flexible system's capabilities. As a result, the average number of parts made by an American flexible manufacturing system in Mr. Jankumar's study was 10, in contrast to the Japanese average of 93.

And the Japanese used their systems to handle 22 new parts for every one introduced by the Americans, allowing them to offer a wider variety of products more suited to the demands of individual customers and to make greater use of their machinery.

Mr. Jankumar estimates that the Japanese have invested more than twice as much as their American peers in automation equipment over the past five years. However, he believes that their greatest advantage is a matter of "technological literacy" — far more Japanese workers and managers understand what modern manufacturing technology can and should do.

At the companies Mr. Jankumar studied, more than 40 percent of the work force was made up of college-educated engineers, all of whom had been trained to work with computer-controlled machinery. At the American companies, only 8 percent were engineers and only a quarter of them had been trained to use such machinery. Moreover, the training periods the Japanese devoted

## Currency Rates

Cross Rates	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
Australian dollar	1.324	1.324	1.324	1.324	1.324	1.324	1.324	1.324	1.324
Belgian franc	40.332	40.332	40.332	40.332	40.332	40.332	40.332	40.332	40.332
British pound	1.601	1.601	1.601	1.601	1.601	1.601	1.601	1.601	1.601
Canadian dollar	1.249	1.249	1.249	1.249	1.249	1.249	1.249	1.249	1.249
Deutsche mark	1.776	1.776	1.776	1.776	1.776	1.776	1.776	1.776	1.776
French franc	6.545	6.545	6.545	6.545	6.545	6.545	6.545	6.545	6.545
Italian lira	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936
Japanese yen	163.76	163.76	163.76	163.76	163.76	163.76	163.76	163.76	163.76
Swiss franc	1.483	1.483	1.483	1.483	1.483	1.483	1.483	1.483	1.483
West German mark	1.776	1.776	1.776	1.776	1.776	1.776	1.776	1.776	1.776
Yen	163.76	163.76	163.76	163.76	163.76	163.76	163.76	163.76	163.76

Other Dollar Values	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
Argentine peso	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Brazilian cruzeiro	275.000	275.000	275.000	275.000	275.000	275.000	275.000	275.000	275.000
Colombian peso	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Costa Rican colón	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Czechoslovak koruna	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Dominican peso	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Ecuadorian sucre	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
El Salvador colón	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Guatemalan quetzal	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Honduran lempira	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Nicaraguan córdoba	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Panamanian balboa	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Paraguayan guaraní	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Peruvian sol	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Puerto Rican peso	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Salvadoran colón	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Uruguayan peso	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357
Venezuelan bolívar	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357	1.357

## Interest Rates

Reverse Currency Deposits	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
1 month	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
6 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
1 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
2 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
4 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
5 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
10 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
20 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
30 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

Key Money Rates	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
1 month	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
6 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
1 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
2 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
4 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
5 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
10 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
20 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
30 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

U.S. Money Market Funds	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
1 month	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
6 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
1 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
2 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
4 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
5 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
10 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
20 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
30 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

Gold	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
1 month	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
6 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
1 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
2 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
4 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
5 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
10 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
20 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
30 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

Foreign Money Rates	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
1 month	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
6 months	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
1 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
2 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
3 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
4 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
5 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
10 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
20 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
30 year	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

Chrysler  
May Buy  
AMC SitesMidwest Plants  
Said to Be Target

United Press International

DETROIT — Chrysler Corp. is considering asking its board of directors to approve the acquisition of a major portion of American Motors Corp., a newspaper reported Thursday.

The Detroit Free Press said the Chrysler plan would involve AMC's U.S. assembly operations in Ohio and Wisconsin.

AMC officials told the newspaper that the Chrysler board is not expected to examine the acquisition idea until it meets Dec. 4.

A Chrysler spokesman said Wednesday that he had no knowledge of plans for such an acquisition. An AMC spokesman denied Chrysler was interested in AMC.

If the board approved the acquisition, Chrysler would want to set by the end of 1986 to take advantage of tax benefits to be eliminated in 1987, the Free Press said.

The plan reportedly would involve acquisition of AMC's Kenosha, Wis., car assembly plant and the Toledo, Ohio, Jeep assembly plant.

"I have no knowledge of an acquisition of AMC's operations being on the agenda," Baron Bates, a Chrysler spokesman, said.

An AMC spokesman, Jerry Sloan, said rumors about Chrysler buying AMC have "been going on for two months. We continue to deny it and it continues to surface."

The French automaker, Renault, owns 46 percent of AMC.

Chrysler, which had more than \$3 billion on hand in cash, time deposits and marketable securities at the end of the third quarter this year, would gain by getting much needed production capacity at AMC's two U.S. assembly plants.

Last month, Chrysler reached a novel contract with AMC to build Chrysler's large, rear-drive New Yorker and similar models.

The agreement calls for Chrysler to invest about \$75 million for retooling, capital investment and training, most of which Chrysler will pay.

## Framatome Under a Nuclear Cloud

Chernobyl Blast,  
Overcapacity  
Hurt Business

By Jacques Neher

Special to the Herald Tribune

PARIS — France's \$1.5-billion nuclear-power plant industry is facing a major problem: Nobody wants its products.

Overcapacity at home and Chernobyl-related fear abroad have combined to dry up whatever business Framatome, the state-controlled reactor manufacturer, expected during the next few years.

The situation has put France's new conservative government and its market-oriented economic policy — on the spot. It





## Shell Reports Profit Rose 20% in Quarter

**LONDON** — Royal Dutch/Shell Group, Europe's largest oil company, reported Thursday lower-than-expected net profit of \$255 million (\$735 million) for the third quarter.

Although the profit figure marked a 20-percent increase from the \$439-million profit in the third quarter of 1985, the result was called disappointing by analysts. They had been forecasting profits of \$300 million to \$300 million.

Sales for the three quarters were \$12.8 billion, down 24.7 percent from \$17.1 billion in the third quarter of 1985. The company attributed the results to lower crude oil prices.

Shares in the London arm of the British-Dutch group, trading ex-dividend, closed at 942 pence on the London Stock Exchange, down from 925.25 pence Wednesday.

The company said that, with oil prices still weak, "The market outlook is for continued uncertainty with increasing pressure on margins in the fourth quarter."

For the first nine months, Royal Dutch/Shell reported a 17.5-percent drop in net income, to \$1.79 billion from \$2.17 billion in the first nine months of 1985.

Royal Dutch/Shell said Thursday that higher crude oil production in the third quarter was more than offset by a sharp decline in

## Profit Down For Nissan In Half Year

United Press International

**TOKYO** — Nissan Motor Co. Japan's second-biggest automobile manufacturer, said Thursday that sales and profit for the half year ended Sept. 30 fell sharply from a year earlier, mainly because of the company's sharp appreciation of the yen.

The company said net consolidated net income fell 38.3 percent from the same period a year ago, to the equivalent of \$165 million, or 9.9 percent of \$1.66 billion, down 9.9 percent.

Profit before taxes plunged 55 percent, to \$241.3 million, from the year's \$540.6 million, the company said.

It added that net income per share fell to 7.5 cents, down from 12.3 cents for the like period a year ago.

Exports fell 4.3 percent, to 719,101 units, because of sluggish sales to the Middle East, Southeast Asia, Latin America and New Zealand, Nissan said. Shipments to Europe increased more than 60,000 units, it said.

The company suffered a foreign-exchange loss of \$75 million because of the yen's appreciation against the dollar, the company said. Decreased vehicle sales amounted to \$100 million.

## GAP: Growing Wider

(Continued from first finance page)

to upgrading manufacturing skills over time as long as those in the United States.

The Japanese exploited these skills by assigning small groups of engineers to develop flexible systems and then positioning them on the factory floor where they could operate them, sometimes for years.

Not surprisingly, the Japanese systems were frequently reprogrammed and improved after they were on line.

American manufacturers, by contrast, have tended to use fairly large engineering teams with many specialists to design and install systems. The engineers often end up building systems that are far more flexible than their intended use requires.

When the engineering group is then dismantled or moved to a new project, the poorly trained and under-skilled work force that is often left behind is loath to tamper with the unnecessarily complicated system for fear of gumming it up.

The fears are not unfounded. The much-modified Japanese systems have far fewer breakdowns. Nearly one-third are set up to run unattended straight through the night.

**GOTTEN ANY HOT TIPS LATELY?**

If you've suddenly discovered that there's a certain way to do a job, that's the right side of the coin. The other side is the left side of the coin. It's the left side that's the right side. It's the right side that's the left side. It's the left side that's the right side. It's the right side that's the left side.

When it comes to the left side of the coin, it's the right side that's the left side. It's the left side that's the right side. It's the right side that's the left side. It's the left side that's the right side. It's the right side that's the left side.

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## Rising Losses At Bank Stir Spaniards

**MADRID** — Banca Garriga Nogues's report that it had a loss of \$328 million for the fiscal year ending Sept. 30 points to lingering shakiness in the Spanish banking industry, banking sources said Thursday.

The bank, which announced the loss Wednesday, had a loss of \$60 million in the 1985 fiscal year.

Banca Garriga Nogues is a group member of Banesto, Spain's second-largest commercial bank, which said it would bail out its troubled affiliate with funds drawn from assets.

Banesto's shares dropped 25 points Thursday on the Madrid Stock Exchange, to 590 percent of nominal share value, only 5 points above the limit set by the exchange for a single day's decline.

"Obviously things are not well in the banking system," a foreign banker commented. "This is why they've been selling the bank."

Spain's plans to deregulate deposit rates.

He said Spain's major banks were resisting attempts by the central bank to impose interest payment on sight deposits and lift an interest ceiling of 6.5 percent on 180-day accounts.

A finance ministry spokesman said the bank's losses reflected bad management and unprofitable loans to an agricultural project, Tarnas de Alfoz.

"The bank's losses reflected bad management and unprofitable loans to an agricultural project, Tarnas de Alfoz," he said.

Analysis estimated that altogether about 8,000 oil-related jobs have been lost in Scotland since the start of this year.

Royal Dutch/Shell said Thursday that higher crude oil production in the third quarter was more than offset by a sharp decline in

profit before taxes plunged 55 percent, to \$241.3 million, from the year's \$540.6 million, the company said.

It added that net income per share fell to 7.5 cents, down from 12.3 cents for the like period a year ago.

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## BankAmerica Considering Sale of Schwab, Paper Says

**SAN FRANCISCO** — The profitable discount brokerage firm of Charles Schwab & Co. is among top candidates for sale at financial troubled BankAmerica Corp., according to a Wall Street Journal report in Thursday's edition that the bank has decided to seek buyers for Schwab, the largest discount broker in the United States.

Analysts and other sources estimated that the unit could fetch \$260 million to \$312 million, giving BankAmerica a 200-million profit gain, according to the Journal.

The leading bidder for the unit is likely to be Charles Schwab himself and two of the nation's largest bank-owned brokerage firms, BancAmerica Securities Corp. of Los Angeles, the Journal said.

On Wednesday, the San Francisco Examiner quoted Schwab spokesman Hugh Quisenberry as saying that Mr. Schwab, founder and chairman of the firm, had been informed that BankAmerica "is viewing whether the company is a so-called core business."

But the Examiner also reported that a BankAmerica spokesman said there has been no change in Schwab's potential to be sold. BankAmerica acquired Schwab in 1983.

The Journal also reported that sources said severance payments to BankAmerica's 1,000 employees would be paid by the company, but that the bank has not yet decided whether to pay them.

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## Wright Goes to Fairchild Industries

By Arthur Higbee

**International Herald Tribune**

Paul E. Wright has been named president and chief operating officer at Fairchild Industries. He was recruited from RCA Corp., now a General Electric Co. subsidiary.

Mr. Wright, 55, had been RCA's senior vice president for corporate planning and development. At Fairchild he will succeed Emanuel J. Fienbusk, 58, who remains chairman and chief executive.

Fairchild, based in Chantilly, Virginia, is the parent of Fairchild Republic Co., an aircraft builder in Farmingdale, Long Island, that faces difficulties because Congress has cut funds for production of its T-46 jet trainer.

Mr. Wright said that, despite problems, Fairchild has "some very key technologies on which to structure a profitable business." Mr. Fienbusk said Fairchild "was stressing communications, electronics and space."

Mr. Wright said that "this opportunity came to me because I found it intriguing to take a strong company with a few problems to be worked out and bring it to full flow."

Mr. Wright joined RCA in 1958 as an engineer. He has engineering degrees from California Polytechnic State University and the University of Pennsylvania. He is also a graduate of Harvard's advanced management program.

From 1981 to 1985, he managed RCA's aerospace business, which doubled its sales in that period, to \$1.5 billion.

Seagram Co. has appointed Charles R. Brownman as chairman. Earlier this year he had been deputy chairman at the disintegrating company since 1979. Edgar Brownman, 55, remains chief executive and will now serve as co-chairman with his brother.

Seagram said Charles Brownman's appointment was in recognition of the company's 22.5 percent stake in Du Pont Co., the chemical and oil giant. Edgar Brownman said, "Charles has had and continues to have the senior responsibility for liaison with Du Pont's management."

The New York Times said the move also seemed intended to smooth any feuds ruffled last winter when Edgar Brownman said in a magazine interview that his son, Edgar Jr., 32, would succeed him when he decided to step down.

Charles Brownman, who lives in Montreal and heads Seagram's Canadian operations, said in a newspaper interview that the company's board of directors, not his brother, would decide on a successor.

Ray D. Barry, an analyst at Kinder, Peabody & Co., investment

bankers, said, "Edgar is really the patriarch of the family. He is still the No. 1 guy there."

General Motors Corp. appointed C.N. Moore as vice president in charge of customer sales and service staff. Mr. Moore, 57, has been general sales and service manager of GM's Oldsmobile Division in Lansing, Michigan, since March. He replaces James G. Vorhes, who is retiring.

Schwartz Associates Ltd. of Hong Kong, a subsidiary of Schroders PLC of London, has appointed Tim Williams as group adviser for mainland China affairs. He will coordinate the company's China activities with its affiliates worldwide. Mr. Williams has traveled extensively in China, and, since 1974, has helped two major international banks develop their China activities.

Canwest Co. said Dan Dorfman, author of a syndicated financial column, will contribute articles to Gannett's USA Today and write his column for all 92 Gannett newspapers starting Jan. 1. Mr. Dorfman, 55, will leave New York magazine, where he is currently financial editor and columnist. "I hope to make a major contribution" at Gannett, he said, although "I leave New York magazine with regrets — it's a super magazine."

New York University's Graduate School of Business Administration has been given an endowment of more than \$15 million by Henry Kaufman, managing director and chief economist of Salomon Brothers Inc., the securities firm. Mr. Kaufman is an alumnus of the university. The school said the fund will support a professorship in financial economics and the directorship of its Salomon Brothers Center for the Study of Financial Institutions.

**Iraq's Bank Creditors Meet**

**PARIS** — Bank creditors met here Thursday to consider a request by Iraq to reschedule a \$300-million credit signed in March 1983, banking sources said.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.  
*Via The Associated Press*

Symbol	Stock	Nov 75	Dec 75	Jan 76	Feb 76	Mar 76	Apr 76	May 76	Jun 76	Jul 76	Aug 76	Sep 76	Oct 76	Nov 76	Dec 76	Jan 77	Feb 77	Mar 77	Apr 77	May 77	Jun 77	Jul 77	Aug 77	Sep 77	Oct 77	Nov 77	Dec 77	Jan 78	Feb 78	Mar 78	Apr 78	May 78	Jun 78	Jul 78	Aug 78	Sep 78	Oct 78	Nov 78	Dec 78	Jan 79	Feb 79	Mar 79	Apr 79	May 79	Jun 79	Jul 79	Aug 79	Sep 79	Oct 79	Nov 79	Dec 79	Jan 80	Feb 80	Mar 80	Apr 80	May 80	Jun 80	Jul 80	Aug 80	Sep 80	Oct 80	Nov 80	Dec 80	Jan 81	Feb 81	Mar 81	Apr 81	May 81	Jun 81	Jul 81	Aug 81	Sep 81	Oct 81	Nov 81	Dec 81	Jan 82	Feb 82	Mar 82	Apr 82	May 82	Jun 82	Jul 82	Aug 82	Sep 82	Oct 82	Nov 82	Dec 82	Jan 83	Feb 83	Mar 83	Apr 83	May 83	Jun 83	Jul 83	Aug 83	Sep 83	Oct 83	Nov 83	Dec 83	Jan 84	Feb 84	Mar 84	Apr 84	May 84	Jun 84	Jul 84	Aug 84	Sep 84	Oct 84	Nov 84	Dec 84	Jan 85	Feb 85	Mar 85	Apr 85	May 85	Jun 85	Jul 85	Aug 85	Sep 85	Oct 85	Nov 85	Dec 85	Jan 86	Feb 86	Mar 86	Apr 86	May 86	Jun 86	Jul 86	Aug 86	Sep 86	Oct 86	Nov 86	Dec 86	Jan 87	Feb 87	Mar 87	Apr 87	May 87	Jun 87	Jul 87	Aug 87	Sep 87	Oct 87	Nov 87	Dec 87	Jan 88	Feb 88	Mar 88	Apr 88	May 88	Jun 88	Jul 88	Aug 88	Sep 88	Oct 88	Nov 88	Dec 88	Jan 89	Feb 89	Mar 89	Apr 89	May 89	Jun 89	Jul 89	Aug 89	Sep 89	Oct 89	Nov 89	Dec 89	Jan 90	Feb 90	Mar 90	Apr 90	May 90	Jun 90	Jul 90	Aug 90	Sep 90	Oct 90	Nov 90	Dec 90	Jan 91	Feb 91	Mar 91	Apr 91	May 91	Jun 91	Jul 91	Aug 91	Sep 91	Oct 91	Nov 91	Dec 91	Jan 92	Feb 92	Mar 92	Apr 92	May 92	Jun 92	Jul 92	Aug 92	Sep 92	Oct 92	Nov 92	Dec 92	Jan 93	Feb 93	Mar 93	Apr 93	May 93	Jun 93	Jul 93	Aug 93	Sep 93	Oct 93	Nov 93	Dec 93	Jan 94	Feb 94	Mar 94	Apr 94	May 94	Jun 94	Jul 94	Aug 94	Sep 94	Oct 94	Nov 94	Dec 94	Jan 95	Feb 95	Mar 95	Apr 95	May 95	Jun 95	Jul 95	Aug 95	Sep 95	Oct 95	Nov 95	Dec 95	Jan 96	Feb 96	Mar 96	Apr 96	May 96	Jun 96	Jul 96	Aug 96	Sep 96	Oct 96	Nov 96	Dec 96	Jan 97	Feb 97	Mar 97	Apr 97	May 97	Jun 97	Jul 97	Aug 97	Sep 97	Oct 97	Nov 97	Dec 97	Jan 98	Feb 98	Mar 98	Apr 98	May 98	Jun 98	Jul 98	Aug 98	Sep 98	Oct 98	Nov 98	Dec 98	Jan 99	Feb 99	Mar 99	Apr 99	May 99	Jun 99	Jul 99	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01	Feb 01	Mar 01	Apr 01	May 01	Jun 01	Jul 01	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03	May 03	Jun 03	Jul 03	Aug 03	Sep 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27	Mar 27	Apr 27	May 27	Jun 27	Jul 27	Aug 27	Sep 27	Oct 27	Nov 27	Dec 27	Jan 28	Feb 28	Mar 28	Apr 28	May 28	Jun 28	Jul 28	Aug 28	Sep 28	Oct 28	Nov 28	Dec 28	Jan 29	Feb 29	Mar 29	Apr 29	May 29	Jun 29	Jul 29	Aug 29	Sep 29	Oct 29	Nov 29	Dec 29	Jan 30	Feb 30	Mar 30	Apr 30	May 30	Jun 30	Jul 30	Aug 30	Sep 30	Oct 30	Nov 30	Dec 30	Jan 31	Feb 31	Mar 31	Apr 31	May 31	Jun 31	Jul 31	Aug 31	Sep 31	Oct 31	Nov 31	Dec 31
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**WASHINGTON**—Major U.S. retailers reported Thursday that sales picked up in October from the September pace, with shoppers showing strong interest in apparel and taking advantage of widespread markdowns on merchandise.

Sears, Roebuck & Co., the largest U.S. retailer, announced that October sales rose 0.5 percent, to \$2.31 billion, from \$2.30 billion in October 1985.

K. Mart Corp., the second-ranked retailer, had an 11.2-percent advance in sales in October to \$1.77 billion from \$1.59 billion the year before.

J.C. Penney, the third-ranked retailer, said its October sales rose 8.7 percent to \$989 million from \$910 million in October the year before.

**NEW RISKS**

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## Dollar Lower in New York, Europe

2.0691 DM, up from 2.0580, and in Paris at 6.7460 French francs, up from 6.7315. It closed in Zurich at 1.7215 Swiss francs, down from 1.7237. (UPI, Reuters)

## GM to Close 11

## THE EUROMARKETS

## FRNs Skid, but Then Rally; 2 Big Floaters Are Launched

By Christopher Pizzey

The senior dealer at one firm noted that some of those issues paying the London interbank bid

was quickly raised to \$750 million following substantial demand. The issue pays 7% percent over five years and was priced at 100%.

### London Dollar Rate

Closing	Thru	W
Deutsche mark	2.0999	2.08
Pound sterling	1.4315	1.43
Japanese yen	163.25	164
Swiss franc	1.7190	1.72
French franc	6.7200	6.73

Source: Reuters

**M-1 Rose \$1.7 Billion  
For Week of Oct. 27**

In addition, Framatome is ex-

## TRADE: U.S. Restrictions Forecast

(Continued from page 1)

Senator Daniel Patrick Moynihan, Democrat of New York and also a member of the Finance Committee, said Congress was moving

## Britain to Raise Public Spending

**YVES:** *Italian* *1*

## Buys Part of YSL

4,000 people worldwide. Last year, the company reported sales of \$432 million, an increase of \$32 million over 1984. Its main manufacturing facilities are in the United States, France and Britain, but it also produces cosmetics in Australia, Canada, Mexico and Spain.

[illegible]







## Keeping Out of Touch

who can't stop keeping up with things are doomed to become tedious old bores. If you doubt it come to my house some evening and hear me recite the wives of Artie Shaw, recount Charlie Keller's statistics with the Newark Bears, reminisce about "The Oomph Girl" and whistle "Elmer's Tune," along with several hundred other songs from the Hit Parade.

I predict you will beg for mercy before I get around to telling you about Cyndi Lauper (wears funny hair and sings) and Michael Jackson (also sings but has lost a glove).

*New York Times Service*

The critics have by and large been kind to "The Reckoning," sometimes calling it overlong and overwritten, but acknowledging

in their 30s, just peaking professionally — Halberstam, J. Anthony Lukas, Gay Talese, Francoise FitzGerald, Calvin Trillin and others — all living in New York

Always passionate about his work, Halberstam's success dur-

describes is rich, powerful, insulated, WASP-ish, arrogant and even decadent. It is brought to its knees by the Asians — the Japanese mainly, but also the Koreans

to his past—a topic thematically similar to the memoir Talese is now writing. But with Halberstam, the mood will not be introspective.

yer, said she "fully believed that the price she was paying for the jewelry was inclusive of sales tax — she had no idea at all that" the store owners "were not paying any taxes that were due."

[illegible][illegible]

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